C

STATE OF ARKANSAS
Department of Finance and Administration

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November 3, 2023

Senator Jonathan Dismang, Co-Chair
Representative Frances Cavenaugh, Co-Chair
Performance Evaluation & Expenditure Review Committee
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

RE: FY 24 American Rescue Plan Act Request

Dear Co-Chairs:

Pursuant to Section 36 (01) of Act 796 of 2023, I am forwarding the attached American Rescue Plan Act request(s) that have received my approval as Chief Fiscal Officer of the State.

- Department of Health – Division of Health – Strengthening Infrastructure, Workforce and Data Processes $4,881,698
- Department of Agriculture – Division of Agriculture – Animal Health Diagnostic Laboratory $2,000,000
- Department of Commerce – Workforce Services Division – Unemployment Insurance $4,562,000
- University of Arkansas at Little Rock – Small Business Credit Initiative Technical Assistance Grant Program $276,427
- Black River Technical College – Student Barracks for Law Enforcement Training Academy $4,700,000

Pursuant to Section 36 (02) of Act 796 of 2023, I am forwarding the attached American Rescue Plan Act request(s) that have received my approval as Chief Fiscal Officer of the State.

- Department of Finance and Administration – Disbursing Officer – Black River Technical College – LETA Barracks $4,700,000
- Department of Human Services – Medical Services Division – Emergency Aid Relief to Hospitals – Eureka Springs Hospital $4,589,119
- Department of Human Services – Medical Services Division – Emergency Aid Relief to Hospitals – Magnolia Regional Medical Center $1,916,015

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- Department of Human Services – Emergency Aid Relief to Hospitals – Delta Health System $2,620,000
- Department of Human Services – Emergency Aid Relief to Hospitals – Piggott Community Hospital $3,441,839

Sincerely,

James L. Hudson
Secretary

Attachment(s)

C.1

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

Agency: Arkansas Department of Health Business Area Code: 0645

Program Title: Strengthening the Infrastructure, Workforce, & Data Processes for the Public Health System in Arkansas.

Granting Organization: DHHS: Centers for Disease Control & Prevention CFDA #: 93.967

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Amendment to attached detail plan only. This addition is for part the A3-DMI Acceleration component of the grant. The Arkansas Department of Health (ADH) has developed a comprehensive plan to modernized its public health infrastructure through the Centers for Disease Control and Prevention's (CDC) Public Health Infrastructure Grant (PHIG). Based on the findings from the Data Modernization Assessment, ADH recognizes the significant challenges resulting from its outdated IT infrastructure, which hinders our ability to effectively manage and utilize critical data resources. Furthermore, our reliance on siloed systems for reportable disease data storage restricts seamless information exchange and collaboration among stakeholders. These issues, and more, were showcased during the COVID-19 pandemic and need to be address expeditiously. To address these pressing issues and unlock the full potential of our public health initiatives, ADH has proposed a variety of activities with dedicated milestones using funding from the PHIG. This funding will provide the vital financial resources necessary to revitalize our obsolete infrastructure and lay a new foundation for a modern, efficient, and interconnected public health system. Please see the attached documentation for more information.

American Rescue Plan Act Program Funding

Direct Funding: X
Func. Area: HHS Fund Code: FRP6450 State:
Funds Center: BI1 Internal Order/WBS Element: Continuation:

	Program Funding Amount
Regular Salaries	653,124
Extra Help	234,032
Personal Services Matching	267,083
Operating Expenses	201,741
Conference & Travel Expenses	6,192
Professional Fees	3,186,370
Capital Outlay	100,000
Data Processing	
Grants and Aid (CI: 04)	
Other: 590:00:46	233,156
Other:	
Total	$ 4,881,698

Anticipated Duration of Federal Funds: 11/30/2023

Gary Zhou 10/26/2023
DFA IGS State Technology Planning **Date**
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: **(list each position separately)** * unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: 8/21/23
Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23
Office of Budget Date

Office of Personnel Mgmt Date

CRB 10/11/23

Project Summary for A3 Data Modernization of the Strengthening U.S. Public Health Infrastructure, Workforce, and Data Systems Grant
Arkansas Department of Health NE11OE000049 Arkansas
July 15, 2023
Project Director: Bala Simon, MD, DrPH
Deputy Chief Medical Officer
State Chronic Disease Director
Associate Director for Science, Center for Health Advancement
Medical Director, Chronic Disease Prevention & Control, Center for Health Advancement

Background:

The Arkansas Department of Health (ADH) has developed a comprehensive plan to modernized its public health infrastructure through the Centers for Disease Control and Prevention's (CDC) Public Health Infrastructure Grant (PHIG). Based on the findings from the Data Modernization Assessment, ADH recognizes the significant challenges resulting from its outdated IT infrastructure, which hinders our ability to effectively manage and utilize critical data resources. Furthermore, our reliance on siloed systems for reportable disease data storage restricts seamless information exchange and collaboration among stakeholders. These issues, and more, were showcased during the COVID-19 pandemic and need to be address expeditiously.

To address these pressing issues and unlock the full potential of our public health initiatives, ADH has proposed a variety of activities with dedicated milestones using funding from the PHIG. This funding will provide the vital financial resources necessary to revitalize our obsolete infrastructure and lay a new foundation for a modern, efficient, and interconnected public health system.

Through the subgrant awards of Core Data Modernization, Data Modernization Acceleration, and Laboratory Data Exchange, we aim to revolutionize our ability to accept and transmit disease data using electronic lab reporting (ELR), electronic case reporting (eCR) and the development of a web application for providers to disease case reports. ADH plans on enhancing its ability to store, process, analyze, disseminate, and transmit data to relevant stakeholders swiftly and seamlessly through the development of a data warehouse and migration of relevant applications to Amazon Web Service's (AWS) cloud computing services. This modernization effort will empower our agency to make data-driven decisions, identify emerging health trends, expand to meet data storage needs, and swiftly respond to public health crises. Furthermore, ADH understands the need to be more transparent in the information collected and stored associated with disease surveillance. To preserve public trust and meet the reporting demands associated with CDC funding, ADH has proposed sizeable investments in the modernization of data transmission routes and data visualization software and personnel.

The investment in data modernization efforts at the Arkansas Department of Health will dramatically improve the State's ability to respond to disease threats, improve the accuracy and validity of data, reduce workforce burned, and engage our communities. In the following paragraphs, we summarize the projects associated with the PHIG funding awards. For more detailed explanation associated with each funding proposal, please refer to the respective workplan or budget workbook. Using the investment provided by the PHIG, we can build a healthier future for the people of Arkansas – one that is driven by innovation, collaboration, and improved health outcomes.

Area A: Core Data Modernization/Data Modernization Acceleration

The Arkansas Department of Health (ADH) is embarking on a comprehensive initiative to advance data modernization activities within the organization. Recognizing the critical role of data in improving public health outcomes, the ADH has appointed a Data Modernization Director who will lead the assessment, planning, and

implementation of data modernization activities based on the guidance provided by the PHIG. This director will be responsible for overseeing a support staff dedicated to data modernization activities and coordinating efforts across various departments within the ADH.

The data modernization activities began with a thorough assessment of the existing data systems and infrastructure within the ADH in 2021. The Data Modernization Assessment evaluated the strengths and weaknesses of current IT infrastructure, identified gaps and areas for improvement, and helped determine the necessary steps for enhancing our foundation capacity. Furthermore, the assessment included an analysis of data quality, workforce skills, resource management, data governance practices, and data transparency protocols.

Based on these findings, the ADH is in the processes of developing a comprehensive data modernization roadmap to document our strategic initiatives associated with the Data Modernization Initiative. This roadmap will outline a clear vision for data modernization, establish strategic goals and objectives, and define specific action steps to be taken to improve our IT infrastructure. The roadmap will prioritize the implementation of modern data management technologies, such as cloud-based platforms and advanced analytics tools, to enable more efficient data collection, processing, and analysis.

To ensure effective integration and coordination of data modernization efforts, the ADH will maintain its existing advisory committees comprised senior officials from governmental and nongovernmental partners. These committees will serve as a platform for collaboration, decision-making, and the integration of various funding streams and budgets (i.e., ELC and PHIG). They will meet regularly to discuss strategies, progress, and challenges, bringing together representatives from different disciplines and organizations to foster a holistic approach to data modernization. The committees will also identify collaboration opportunities, share best practices, and facilitate the alignment of data modernization efforts with statewide public health initiatives.

The ADH recognizes the need for technical assistance in implementing data modernization initiatives. To address this, the department will engage consultants through the Public Health Infrastructure Grant (PHIG) to provide specialized expertise. These consultants will work closely with the ADH's IT and Informatics teams to assess the existing data infrastructure, develop strategic plans for modernization, design workforce training programs to build capacity, and establish monitoring and evaluation mechanisms to track progress. The consultants will bring industry best practices and cutting-edge knowledge to guide the ADH in adopting state-of-the-art data management technologies and practices.

Additionally, the ADH will forge partnerships with local academic institutions to foster collaboration in data modernization. These partnerships will include opportunities for internships and collaborative projects, creating a pipeline of future professionals skilled in data modernization and public health informatics. By engaging with academic institutions, the ADH aims to leverage their expertise, research capabilities, and innovative approaches to drive data modernization efforts.

To ensure ongoing assessment and improvement, the ADH will regularly review and update the Data Modernization Assessment. This process will involve revisiting the initial assessment, incorporating technological advancements and emerging best practices, engaging stakeholders from within and outside the organization, and establishing baselines for measuring progress. This iterative assessment approach will allow the ADH to adapt its strategies and tactics as the data modernization landscape evolves.

Two key plans will be developed to guide data modernization efforts: a Data Modernization Strategic Plan and a Workforce Development Plan. The Data Modernization Strategic Plan will outline clear goals, objectives, and action steps to be undertaken in alignment with agency priorities. It will identify key performance indicators and establish monitoring mechanisms to track progress. The Workforce Development Plan will assess the current skill gaps within the ADH's workforce and develop targeted training programs to enhance data

management and analytics capabilities. The plan will also include strategies for recruiting and retaining talent with expertise in data modernization.

By implementing these comprehensive activities, the ADH aims to drive effective and sustainable data modernization within the organization. This will enhance the department's capabilities in data collection, analysis, and utilization for evidence-based decision-making, ultimately leading to improved public health outcomes for the people of Arkansas.

A3 – Laboratory Data Exchange (Area B)

The Arkansas Department of Health (ADH) recognizes the critical importance of maintaining and enhancing its analytics capacity to effectively conduct disease surveillance activities. With a focus on continuous improvement and skill development, the ADH utilizes various resources to train its technical staff and provides them with the necessary tools to conduct complex analytical techniques.

To begin its modernization efforts, ADH plans to upgrade its NBS application from version 5.4 to version 6.0.14. This upgrade will incorporate new features, bug fixes, and performance improvements. The upgrade will follow established protocols, including testing, quality assurance, and user training, to minimize disruptions and ensure a successful transition. Furthermore, the ADH is actively exploring the feasibility of migrating the NEDSS Base System (NBS) application to a cloud-hosted environment. This move aims to leverage the advantages of cloud computing, such as scalability, flexibility, accessibility, data security, and operational efficiency. By conducting a thorough assessment, ADH will evaluate the technical and operational aspects of the migration, ensuring compatibility and seamless transition of the NBS application to the cloud.

The modernization of electronic disease reporting will expand with the development of ADH's Disease Reporting Portal. In August of 2020, the ADH developed an external, web application for providers to submit COVID-19 case reports instead of through traditional faxing. In April of 2023, ADH executive leadership expanded the project to include all reportable conditions. By leveraging intermediary technology (i.e., between faxing and ELR), the ADH plans on collaborating with external healthcare providers and federal program (i.e., ReportStream) to reduce the burden of analog disease reporting, while improving the timeliness and quality of disease data.

Additionally, ADH recognizes the importance of monitoring the data quality of electronic laboratory reports (ELRs), electronic case reports (eCRs), and other reporting methodologies to ensure accurate disease surveillance and reporting. To facilitate this, ADH will utilize ArcGIS Experience Builder and Insights, powerful data visualization and analytics tools. These tools will enable the creation of internal data quality dashboards for monitoring ELRs, eCRs, and other reporting methods. The dashboards will provide a comprehensive view of key metrics and indicators, allowing real-time visualization and analysis of data quality. By leveraging ArcGIS technology, ADH can quickly identify any data quality issues or anomalies, facilitating timely investigations and corrective actions to maintain data integrity and reliability.

While the Informatics Program recognizes the importance of expeditious disease reporting, the PHL plans on expanding ETOR services to non-public submitters. By maintaining the ADH iConnect system, the ADH ensures the continued availability and functionality of ETOR services to non-public submitters. This not only improves efficiency and reduces administrative burdens but also enhances data quality and integrity by minimizing the potential for errors associated with manual data entry.

To empower its technical staff with up-to-date knowledge and skills, the ADH leverages online learning platforms such as LinkedIn Learning, Coursera, and DataCamp. These platforms offer a wide range of courses and training programs covering various analytical tools, programming languages, and data analysis techniques. For instance, the technical staff at the ADH can take courses on data visualization using Tableau, machine learning algorithms in Python, or epidemiological analysis using R. By utilizing these resources, the ADH

ensures that its technical staff can access a broad range of course offerings, learn at their own pace, and benefit from industry-recognized content.

In addition to training opportunities, the ADH has invested in infrastructure to support advanced analytics capabilities. The ADH has developed an SAS Server, which provides SAS programmers with a powerful platform to conduct complex analytical techniques. SAS is a widely used programming language and statistical software for data analysis, allowing the ADH to perform sophisticated analytics on large datasets, generate meaningful insights, and support evidence-based decision-making. For example, the ADH can utilize SAS to analyze epidemiological data, identify disease outbreaks, and develop targeted intervention strategies. The SAS Server enables the technical staff to leverage the full potential of SAS by providing them with a centralized and efficient environment for their analytical work. Furthermore, the ADH is in the process of building an R server, adding to its analytical toolbox. R is a programming language and environment for statistical computing and graphics, known for its extensive collection of packages and libraries for data analysis and visualization. By incorporating an R server, the ADH aims to enhance its capabilities in conducting advanced analytics and exploring diverse analytical approaches. For instance, with the R server, the ADH can leverage the extensive packages available in R, such as "ggplot2" for creating data visualizations or "dplyr" for data manipulation, to analyze and present public health data in a more customized and interactive manner.

As ADH begins to improve its analytic capacity through training initiatives, the APHL will also expand its ability to sequence biological sample through advancement in the bioinformatics program. Genomic sequencing enables APHL to gain insights into disease transmission patterns and emerging variants, informing targeted public health interventions. To analyze large volumes of complex genetic data, APHL partners with experts in Deep Learning, leveraging advanced machine learning algorithms. Deep Learning methodologies help uncover meaningful patterns within genomic data and improve the identification of genetic variants. Through these collaborations, APHL aims to rapidly and accurately detect and track disease outbreaks, assess intervention impacts, and provide valuable insights for public health decision-making.

Collaboration and Alignment:

The Arkansas Department of Health (ADH) is undertaking a comprehensive data modernization initiative to enhance its analytics capacity and improve public health outcomes. With the appointment of a Data Modernization Director, the ADH is committed to assessing, planning, and implementing modernization activities based on guidance from the PHIG. A thorough assessment of existing data systems and infrastructure has been conducted, identifying areas for improvement and setting the foundation for enhancement. A comprehensive data modernization roadmap is being developed, prioritizing the adoption of advanced data management technologies. To ensure collaboration and alignment, the ADH will leverage existing advisory committees and engage consultants to provide specialized expertise. Partnerships with academic institutions will foster collaboration and develop a skilled workforce. Regular assessments, along with the development of strategic and workforce plans, will drive ongoing improvement. Through these efforts, the ADH aims to enable efficient data collection, processing, and analysis, ultimately leading to improved public health outcomes for the people of Arkansas.

Collaboration Activities:

The Arkansas Department of Health (ADH) has established a collaborative framework to drive the success of its Data Modernization Initiative. An executive advisory committee has been formed, comprising key internal stakeholders who play pivotal roles in shaping the initiative's direction. This committee, which includes the Chief of Staff, Chief Information Officer, Data Modernization Director, DMI Project Manager, Senior DMI Advisor, Deputy Director of Programs, and Deputy Chief Science, meets bi-weekly to provide strategic guidance, foster collaboration, and ensure alignment across departments. By involving leadership from different areas of expertise, the executive advisory committee enables a holistic approach to data modernization and

facilitates effective decision-making based on diverse perspectives. Their involvement and buy-in demonstrate the importance of leadership support for agency-wide initiatives, ensuring the necessary resources, and promoting a culture of data-driven decision-making.

In addition to the executive advisory committee, the ADH has formed a second advisory committee known as the DMI Workgroup. This workgroup collaborates with ADH program partners and data stewards on a monthly basis to provide updates, share progress, and address challenges related to the Data Modernization Initiative. This collaborative effort ensures that stakeholders from various programs and departments are actively engaged in the modernization process and have a platform to contribute their expertise and insights. By fostering collaboration among internal stakeholders, the ADH can leverage the collective knowledge and experience of its staff, promoting a sense of ownership and driving the success of data modernization efforts.

The ADH recognizes the value of external partnerships and collaborations in advancing its data modernization goals. The department has established an education program in collaboration with the University of Arkansas for Medical Sciences (UAMS), offering applied internships to students. This partnership not only provides valuable experiential learning opportunities for students but also allows the ADH to tap into the fresh perspectives and innovative ideas of future professionals skilled in data modernization and public health informatics. Furthermore, the ADH has engaged external partners such as the Arkansas Hospital Association to assist with the onboarding process for electronic laboratory reports (ELRs) and electronic case reports (eCRs). These collaborations facilitate the seamless integration of data sources and ensure accurate and timely reporting, enhancing the overall data quality and integrity of the ADH's surveillance systems. By leveraging the expertise and resources of external partners, the ADH strengthens its capacity for data modernization and expands its reach within the public health ecosystem.

Through these collaborative efforts among internal stakeholders, advisory committees, and external partners, the ADH is creating a robust network of support for its Data Modernization Initiative. This multi-faceted approach ensures that the initiative benefits from diverse perspectives, expertise, and resources. By actively engaging stakeholders and fostering collaboration, the ADH is establishing a foundation for sustainable and effective data modernization, ultimately leading to improved public health outcomes for the people of Arkansas.

Alignment of Activities:

The Data Modernization Initiative at the ADH ensures alignment and coordination of data systems and projects funded by the initiative, leveraging resources from the Public Health Infrastructure Grant (PHIG) and the ELC supplemental grants. By aligning these funding resources, the ADH maximizes its capacity to implement comprehensive data modernization activities. The coordination between PHIG and ELC grants allows for strategic allocation of resources, ensuring that projects funded by both sources work synergistically towards the common goal of data modernization. This alignment enables efficient utilization of resources and promotes consistency in workplans, budgets, and deliverables.

To ensure coherence and a unified approach to data modernization projects, the ADH has appointed a Senior DMI Advisor. This advisor plays a crucial role in overseeing all DMI-related workplans, ensuring consistency and alignment across projects in terms of goals, timelines, budgets, and deliverables. By having a centralized authority responsible for coordinating these aspects, the ADH ensures that all projects funded by the Data Modernization Initiative work in harmony and collectively contribute to the overall objectives of enhancing data systems and capabilities.

One of the key areas of focus in aligning data systems is the development of a data warehouse. The data warehouse aims to consolidate and integrate various data sources within the ADH, providing users with a centralized platform for accessing clean and timely data. This initiative enhances data accessibility and facilitates efficient analysis and reporting, supporting evidence-based decision-making across the organization.

By aligning data sources within the data warehouse, the ADH ensures data consistency, accuracy, and reliability, enabling stakeholders to derive valuable insights and make informed decisions.

In addition to the data warehouse, the ADH is working on upgrades and enhancements to its NBS (NEDSS Base System) application. The modernization of the NBS system is essential for aligning disease surveillance practices with current standards and compliance requirements. Through these upgrades, the ADH ensures that its disease surveillance capabilities remain effective and up-to-date, incorporating advancements in technology and best practices. By aligning the NBS system with current application settings, the ADH can enhance data collection, analysis, and reporting, enabling more efficient and accurate disease surveillance.

Through the alignment of funding resources, the appointment of a Senior DMI Advisor, and the focus on data warehouse development and NBS system upgrades, the ADH demonstrates its commitment to aligning data systems and projects within the Data Modernization Initiative. These efforts aim to streamline data management, improve data quality and accessibility, and support evidence-based decision-making for better public health outcomes in Arkansas.

In conclusion, the Arkansas Department of Health (ADH) is fully committed to driving effective and sustainable data modernization and enhancing its analytics capacity. With a dedicated Data Modernization Director and a team of experts, ADH is poised to transform its data systems and infrastructure. The ADH will use data collected from their Data Modernization Assessment to develop a roadmap and prioritize the implementation of modern data management technologies. Collaborative partnerships with advisory committees and academic institutions will ensure a holistic approach and leverage cutting-edge knowledge. By engaging specialized consultants and utilizing online learning platforms, ADH will build workforce capacity and stay at the forefront of analytics. Investments in infrastructure, including the SAS Server and the upcoming R server, will support complex analytical techniques and evidence-based decision-making. ADH's commitment to continuous learning and advanced analytics will drive improved public health outcomes and protect the well-being of the people of Arkansas.

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.2

Agency: Arkansas Department of Agriculture Business Area Code: 0400

Program Title: NAHLN: CO Animal Health Diagnostic Laboratory

Granting Organization: APHIS - Colorado State University CFDA #: 10.025

Effective Date of Authorization: Beginning: 9/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
The Department is requesting $2,000,000.00 of appropriation that will be used to support the Department of Agriculture's NAHLN Laboratories in contributing to a national early warning system for animal diseases as outlined in the American Rescue Plan Strategic Framework to prevent or limit future zoonotic disease outbreaks or pandemics. The Department is a subrecipient of the grant awarded to Colorado State University.

American Rescue Plan Act Program Funding

Direct Funding: X
State:
Continuation:

Func. Area: COMM Fund Code: NEW
Funds Center: NEW Internal Order/WBS Element: New

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: 590:00:46	2,000,000
Other:	
Total	$ 2,000,000

Anticipated Duration of Federal Funds: 9/1/2023-5/31/2025

DFA IGS State Technology Planning **Date**

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Cabinet Secretary/Agency Director — Date: 10/9/23

Office of Budget — Robert Brech — Date: 11/02/23

Office of Personnel Mgmt — Date

10/16/2023

NAHLN: CO Animal Health Diagnostic Laboratory

Introduction

Funding was provided to Colorado State University by the United States Department of Agriculture (USDA), Animal and Plant Health Inspection Services (APHIS), Veterinary Services (VS) to subaward to NAHLN laboratories.

Objectives

1. The Subaward Cooperator will choose from any, or all, of the following categories and perform the necessary procedures to conduct activities to meet these objectives:

a. Ensure a known capacity for sample testing at individual laboratories and across the network through outfitting laboratories with dedicated high-through-put equipment and support for a stockpile of reagents and supplies.

b. Build epidemiology capabilities in the laboratories to facilitate recognition and understanding of unusual situations related to animal health and public health with an emphasis on collaborating with One Health partners.

c. Partner on workforce development and training opportunities to integrate One Health principles for a skilled cadre of One Health professionals.

d. Conduct One Health exercises in their state with their public health partners on a zoonotic disease event that originates in animals and also one that originates in people and transmits to animals.

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

Agency: Department of Commerce - Division of Workforce Services Business Area Code: 0810

Program Title: Unemployment Insurance

Granting Organization: United States Department of Labor CFDA #: 17.225

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Under the American Rescue Plan Act - Arkansas was awarded the Unemployment Equity grant to improve three (3) areas - Claimant Communications, Service Delivery, and Customer Service. Claimant Communications will be improved by 1. rewriting Unemployment communications to claimants in common language and easy to read format to include claimant facing questionnaires and notifications. 2. The agency will produce YouTube videos to by provide step-by-step instructions on navigating our website, application system and weekly certification systems. 3. Integrating rewritten communications into the agency Unemployment Insurance systems to improve customer service. Service Delivery will be improved by having the Unemployment Insurance registration system (EZARC) available in three (3) additional languages Marshallese, Vietnamese, and Laotian. Also, Unemployment Insurance claimant information will be translated and available in these three additional languages to include auto create based on updated logic in the filing system. The Unemployment Insurance documents will be revised into Spanish, Marshallese, Vietnamese, and Laotian. Customer Service improvements will include purchases of Adobe PDF full licenses for approximately 107 staff members, this will allow for editing of current forms and editing for translations. This will help the agency meet the Department of Justice (DOJ) Limited English Proficiency (LEP) guidance for "safe harbor" as it relates to written translations of vital material. Respectfully, requesting legislative approval to utilize funding back to the federal grant award date of August 03, 2023 in order to utilize 100% federal funds.

American Rescue Plan Act Program Funding

Direct Funding: X
Func. Area: COMM Fund Code: Requesting new fund State:
Funds Center: NEW Internal Order/WBS Element: Continuation:

	Program Funding Amount
Regular Salaries	1,986,212
Extra Help	20,000
Personal Services Matching	751,876
Operating Expenses	250,000
Conference & Travel Expenses	5,000
Professional Fees	220,000
Capital Outlay	-
Data Processing	-
Grants and Aid (CI: 04)	-
Other: (46)	1,323,912
Other: (06) Overtime	5,000
Total	$ 4,562,000

Anticipated Duration of Federal Funds: August 03, 2023 - October 31, 2025

Mitchell Li 10/26/2023
DFA IGS State Technology Planning **Date**
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately) * unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Cabinet Secretary/Agency Director Date: 9/20/23

Cabinet CFO 9/20/23

Robert Brech 11/02/23
Office of Budget Date

Office of Personnel Mgmt Date

Pete Caubble 9/22/23

Arkansas

$4,562,000.00

Hugh McDonald
Secretary of Arkansas Department of Commerce – Division of Workforce Services
#1 Commerce Way, Building 4, Little Rock, AR 72202

Donald Childers, Assistant Controller Budgeting/Reporting/Cash Unit
Donald.childers@arkansas.gov
501-537-5817

Individual Project Name	Total Cost of Project	Proposed Completion Date
Improve Claimant Communications	$1,309,288.80	21 months from start
Improve Customer Service	$1,667,590.12	24 months from start
Improve Service Delivery	$1,585,121.08	24 months from start

PERSONNEL - Total: $2,006,211.74

Personnel costs for the following projects as outlined in the following pages – 1. Improve Claimant Communications - $616,694.00 2. Improve Customer Service - $642,895.24, 3. Improve Service Delivery - $746,622.50

FRINGE BENEFITS – Total: $751,875.58

Costs associated with fringe benefits are for the projects outlined in the following pages.

1. Improve Claimant Communications - $234,343.72, 2. Improve Customer Service - $233,825.66 3. Improve Service Delivery - $283,706.20. Arkansas fringe benefits includes costs associated with Federal Insurance Contributions Act (FICA), health insurance matching per budgeted position, and state retirement matching.

OTHER- Total: $207,212.68

Costs associated with the category "OTHER" is under project name, **2. Improve Customer Service**. This category includes 107 Adobe PDF licenses for staff members at $20,058.40 and professional services of $187,154.28 for translator software.

INDIRECT CHARGES – Total: $1,596,700

Costs associated with the category "INDIRECT CHARGES" is for the following projects as outlined in the following pages. 1. Improve Claimant Communications - $458,251.08 2. Improve Customer Service - $583,656.54 3. Improve Service Delivery - $554,792.38. The agency indirect charges will cover costs associated with agencywide allocation that runs through the agency cost allocation system, ARCARS – Arkansas Cost Allocation Reporting System.

1. Improve Claimant Communications

- Amount of Funding: $1,309,288.80
- State Contact: Kristen Rhodes-Berry
  Kristen.rhodes@arkansas.gov
  501-683-5366

Project Description:

Current: Arkansas Division of Workforce Services (ADWS) for Unemployment Insurance (UI) instructions and requests for information are not currently written at the recommended 8th grade reading level and are not formatted for quick reading and comprehension. This has the potential to create issues with claimants not fully understanding what is needed or required. Ramifications of not responding to requests for information timely, including incorrect determinations based on inaccurate, incomplete, or untimely information provided by the claimant are increased.

There is also a barrier to receiving additional assistance, as the UI Service Center (staff-manned phone system), is not available for questions once the claimants complete the application for benefits on the online system outside of normal business hours. This has the potential for claimants to enter incorrect information due to the claimant's inability to quickly find resources while completing the application.

Project Timeline:

- 9 months from start: Rewrite all UI communications to claimants in common language and easy-to-read format. This includes all claimant facing questionnaires and notifications.
- 12 months from start: Produce YouTube videos that includes step-by-step instructions on navigating our website, application system and weekly certification systems. These videos will also include the URLs.
- 15 months from start: Integrate rewritten communications into the ADWS UI systems. Improve Customer Service:

Description of Costs:

State Agency Costs:

Count	Grade	Title	Individual Hours	Total Hours	Salary / Fringe Rate	Total Salary & Fringe
1	GS13	Assistant Director	325	325	$81.42	$ 26,461.50
1	GS12	Communications Director	650	650	$62.10	$ 40,365.00
1	GS12	Program Administrator	325	325	$62.10	$ 20,182.50
2	GS10	Area Operation Chief	1,014	2,028	$57.96	$ 117,542.88
2	GS09	Program Manager	1,014	2,028	$51.06	$ 103,549.68
2	GS07	Program Monitor	1,014	2,028	$40.02	$ 81,160.56
6	GS06	Workforce Specialist	1,014	6,084	$34.50	$ 209,898.00
4	IT06	Database Administrators	1,014	4,056	$62.10	$ 251,877.60
			6,370	17,524		$ 851,037.72

Direct Salaries	$ 616,694.00
Direct Fringe Benefits	$ 234,343.72
Total Direct State Agency Staffing Cost	**$ 851,037.72**
Cost Allocation / Indirect Costs	$ 458,251.08
Total Cost	**$ 1,309,288.80**

Hardware, Software, Telecommunications Equipment: None

Other Costs: None

Strategic Design
Plans for Increased Equitable Access: ADWS will update the wording on the EZARC (online application system), mailed correspondence for the initial application process, additional requests for information, determinations and filing weekly certifications by using the Flesch-Kincaid Grade Level Readability Test. This system allows you to input your suggested wording and assigns a reading grade level based on sentence length and word length. ADWS currently has approximately 9,644 forms that will be updated.

The present methods of tracking education levels on EZARC or the initial application document will be revised to allow for more accurate data that can be used to easier track claimants and their understanding of Division documents. For example, claimants who only finished $1^{st} - 5^{th}$ grade, $6^{th} - 9^{th}$ grade, $10^{th} - 12^{th}$ grade in primary or secondary schools, different levels or degrees of college or university, and any Certificates of Completion by claimants who have cognitive disabilities.

Currently, the UI Service Center uses Wrap Up Codes to identify reasons for incoming calls and we have added a form related wrap up code for staff use. Once these documents have been revised, focus panels comprised of the various departments under the Department of Commerce, and not familiar with Unemployment Insurance, will be asked to review the documents for comprehension and readability.

ADWS will also produce a series of YouTube videos that will include an overview of the UI process from initial claim to decision, application creation demonstration, how to complete a weekly certification, the determination process, and the appeals process. The scripts for the YouTube videos will also be written using the Felsch-Kincaid Grade Level Readability Test and presented to panels of non-UI staff.
Outcome Metric Demonstrating Improvements Expected in UI Operations:
Results: Improve claimant communications and enhance customer service to claimants from the applications process though the appeals process in both written and enhanced audio-visual format. Revised documents will be tracked quarterly for any new documents added to the library.

Tracking of the improved documents will be demonstrated by using the first pay timeliness reports and non-monetary decision timeliness for those claimants identified as a target demographic to reflect that the "easier to understand information" provided back was enough to prevent adjudicators from having to make, third and fourth attempts for additional information. This will also be monitored in the decrease in number of calls and length of calls in the UI service center. YouTube videos will be tracked based on number of views and feedback provided.

2. Improve Customer Service

- Amount of Funding: $1,667,590.12 (see comment below)
- State Contact: Kristen Rhodes-Berry
  Kristen.rhodes@arkansas.gov
  501-683-5366

Project Description:

Current: Arkansas Division of Workforce Services UI correspondence is currently available in English and Spanish. The United States Department of Labor's (USDOL) Civil Rights Center identified Spanish, Marshallese, Vietnamese, and Laotian as the four languages that meet the Safe Harbor Threshold. This threshold is defined as 5% or 1,000 whichever is less of the county population.

The lack of complete documents available in the languages of Spanish, Marshallese, Vietnamese, and Laotian has the potential to create issues with these Limited English Proficient (LEP) claimants not fully understanding what is needed and the ramifications of not responding timely. This could lead to incorrect determinations based on inaccurate, incomplete, or untimely information provided by the claimant.

Project Timeline:

- 18 months from start: In addition to English and Spanish versions, this project will incorporate the translation of all UI claimant requests for information into Marshallese, Vietnamese, and Laotian.
- 20 months from start: Integrate rewritten communications into the ADWS UI systems.

Description of Costs:
State Agency Costs:

Type of Position

Count	Grade	Title	Individual Hours	Total Hours	Salary / Fringe Rate	Total Salary & Fringe
1	GS13	Assistant Director	245	245	$81.42	$ 19,947.90
1	GS12	Communications Director	245	245	$62.10	$ 15,214.50
1	GS12	Program Administrator	245	245	$62.10	$ 15,214.50
5	GS08	Program operations manag	800	4,000	$48.30	$ 193,200.00
4	GS07	Program Monitor	925	3,700	$40.02	$ 148,074.00
8	GS06	Workforce Specialist	925	7,400	$34.50	$ 255,300.00
4	IT06	Database Administrators	925	3,700	$62.10	$ 229,770.00
				19,535		$ 876,720.90

Direct Salaries	$ 642,895.24
Direct Fringe Benefits	$ 233,825.66
Total Direct State Agency Staffing Cost	**$ 876,720.90**
Cost Allocation / Indirect Costs	$ 583,656.54
Operations-PDF Licenses 107 Staff Members	$ 20,058.40
Professional Fees	$ 187,154.28
Total Other Costs	**$ 790,869.22**
Total Cost	**$ 1,667,590.12**

Hardware, Software, Telecommunications Equipment:
$20,058.40 : Adobe PDF full licenses for 107 staff members, this will allow editing of current forms and editing for translations.
$187,154.28 : Translator software and vendor to approve all working in 4 additional languages for all notifications and request for information.

Other Costs: None

Strategic Design
In addition to English and Spanish versions, this project will incorporate the translation of all UI claimant requests for information into Marshallese, Vietnamese, and Laotian as well as Spanish translations for all reworked requests for information from Claimant Communications section above.

Outcome Metric Demonstrating Improvements Expected in UI Operations:
Results: Improve claimant communications and enhance customer service to LEP claimants by making improvements to communications from the applications process thought the appeals process in both written and enhanced audio-visual format.

This will be demonstrated by using the first pay timeliness reports and non-monetary decision timeliness for those claimants whose selected a language other than English to reflect the "easier to understand information" provided back was enough to prevent adjudicators from having to make, third and fourth attempts for additional information. This will also be monitored in the decrease in number of calls and length of calls in the UI service center.

3. Improve Service Delivery

- Amount of Funding: $1,585,121.08
- State Contact: Kristen Rhodes-Berry
  Kristen.rhodes@arkansas.gov
  501-683-5366

Project Description:

Current: Arkansas Division of Workforce Services (ADWS) UI correspondence is currently available in English and Spanish. This has the potential to create issues with Limited English Proficient (LEP) claimants not fully understanding what is needed and the ramifications of not responding timely. This could lead to incorrect determinations based on inaccurate, incomplete, or untimely information provided by the claimant. We are correcting these issues in item 2, which can be done with a system outside of where staff individually mail claimants these items. Current Spanish translated forms are mailed manually and are not available for auto-mail.

Project Timeline:

The revision of all UI documents (Milestone 1), interpretation of all the documents into Spanish, Marshallese, Vietnamese, and Laotian, and the integration of the English documents into the ADWS UI system will take place within the first 24 months of the grant start date (Milestone 2). What remains is the providing availability of the UI registration system (EZARC) and all UI claimant requests for information integrated into the UI system for auto creating and mailing. These processes will follow the timeline below:

- 24 months from start: Have the UI registration system (EZARC) available in three additional languages (English and Spanish currently available) Marshallese, Vietnamese, and Laotian via toggle button in header.
- 24 months from start: In addition to English and Spanish, have all UI claimant requests for information translated and available in Marshallese, Vietnamese and Laotian and set to auto create based on updated logic in the filing system and which version of EZARC is utilized for the application process.

Description of Costs:
State Agency Costs:

Type of Position

1	GS13	Assistant Director	325	325	$81.42	$ 26,461.50
1	GS12	Communications Director	325	325	$62.10	$ 20,182.50
1	GS12	Program Administrator	325	325	$62.10	$ 20,182.50
5	GS08	Program operations manager	780	3,900	$48.30	$ 188,370.00
6	GS07	Program Monitor	780	4,680	$40.02	$ 187,293.60
10	GS06	Workforce Specialist	981	9,810	$34.50	$ 338,445.00
4	IT06	Database Administrators	1,004	4,016	$62.10	$ 249,393.60
				23,381		$ 1,030,328.70

Direct Salaries	$ 746,622.50
Direct Fringe Benefits	$ 283,706.20
Total Direct State Agency Staffing Cost	**$ 1,030,328.70**
Cost Allocation / Indirect Costs	$ 554,792.38
Total Cost	**$ 1,585,121.08**

Hardware, Software, Telecommunications Equipment:

Other Costs: None

Strategic Design
Plans to make the UI applications system (EZARC) available via toggle switch in addition to the current English and Spanish availability in Marshallese, Vietnamese, and Laotian. This will also save the language preference and default all notices to be sent in these preferred languages.

Outcome Metric Demonstrating Improvements Expected in UI Operations:

Results: Improve claimant communications and enhance customer service to LEP claimants by making improvements to communications from the applications process though decisions, and more quickly sending out information, based on language preference automatically.

This will be demonstrated by using the first pay timeliness reports and timeliness of non-monetary decision for those claimants whose selected a language other than English to reflect that the easier to understand information provided back was enough to prevent adjudicators from having to make, third and fourth attempts for additional information. In addition, improvement in claimant understanding of these documents can be traced by using Wrap Up codes for calls regarding documents and designed for each specific language. This will also be monitored in the decrease in number of calls and length of calls in the UI service center.

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.4

Agency: University of Arkansas at Little Rock Business Area Code: 0145

Program Title: State Small Business Credit Initiative (SSBCI) Technical Assistance (TA) Grant Program

Granting Organization: U.S. Department of Treasury CFDA #: 21.031

Effective Date of Authorization: Beginning: 11/01/2023 Ending: 06/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
The UALR Arkansas Small Business and Technology Development Center will provide technical assistance to certain eligible small business enterprises as defined under the terms of the State Small Business Credit Initiative (SSBCI) Technical Assistance (TA) Grant Program.

The SBBCI TA Grant Program provides financial assistance to eligible recipients to carry out TA plans, under which eligible recipients will provide legal, accounting, and financial advisory services to very small businesses (VSBs) and businesses enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses). The SSBCI TA Grant Program is intended to assist VSBs and SEDI-owned businesses that are currently applying, preparing to apply for, or have previously applied for the SSBCI Capital Program or another Federal or jurisdiction program that supports small businesses.

The UALR ASBTDC routinely markets small business services through email campaigns usings its customer relationship management (CRM) database. Data elements are recorded in UALR ASBTDC's CRM that identifies small business enterprises meeting the SSBCI grant eligibility requirements. The UALR ASBTDC will then deploy targeted marketing campaigns to invite identified small business enterprises to take advantage of the services available under the terms of the SSBCI grant.

American Rescue Plan Act Program Funding

Direct Funding: X
Func. Area: UNIV Fund Code: 201ARPA State:
Funds Center: D56 Internal Order/WBS Element: Continuation:

	Program Funding Amount
Regular Salaries	150,500
Extra Help	
Personal Services Matching	35,151
Operating Expenses	6,387
Conference & Travel Expenses	6,667
Professional Fees	2,333
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: Indirect Costs	75,389
Other:	
Total	$ 276,427

Anticipated Duration of Federal Funds: 60 months

DFA IGS State Technology Planning **Date**
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately) * unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

10/25/2023
Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23
Office of Budget Date

Office of Personnel Mgmt Date

MPK 10/25/23

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.5

Agency: Black River Technical College Business Area Code: 0675

Program Title: Law Enforcement Training Academy Barracks

Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds

Effective Date of Authorization: Beginning: 11/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Black River Technical College requests an American Rescue Plan Act of 2021 appropriation to spend $4,700,000 in ARPA funds to construct a new 60 bed student barracks for the Law Enforcement Training Academy. Class size has been limited due to the rising cost of off campus housing. This facility will not only enable an increase in the number of officers trained annually, but will provide housing for short-term advanced training classes for incumbent officers.

American Rescue Plan Act Program Funding

Func. Area: TCOL
Funds Center: D73
Fund Code: 275ARPA
Internal Order/WBS Element:
Direct Funding: XX
State:
Continuation:

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: Construction (CI: 05)	4,700,000
Other:	
Total	$ 4,700,000

Anticipated Duration of Federal Funds: 6/30/2024

DFA IGS State Technology Planning **Date**

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

10/23/23
Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23
Office of Budget Date

Office of Personnel Mgmt Date

MPK 10/26/23

BLACK RIVER
TECHNICAL COLLEGE

October 24, 2023

Jim Hudson, Secretary
Department of Finance and Administration
Office of the Secretary
1509 West 7th Street, Suite 401
Little Rock, AR 72203-3278

Dear Secretary Hudson:

Black River Technical College is requesting $4,700,000 of the American Rescue Plan Act of 2021 (ARPA) for its Law Enforcement Training Academy to construct barracks to house sixty students. This would allow the academy to increase their class size for the basic training as well as host more advanced classes for local law enforcement. Please see the attached executive summary for more detailed information.

Sincerely,

Martin B. Eggensperger, PhD
President

P.O. Box 468, 1410 Highway 304 East, Pocahontas, AR 72455 · (870) 248-4000 · Fax (870)248-4100
P.O. Box 1565, #1 Black River Drive, Paragould, AR 72450 · (870) 239-0969 · Fax (870) 239-0969

BLACK RIVER TECHNICAL COLLEGE

Law Enforcement Barracks

Black River Technical College's (BRTC) Law Enforcement Training Academy (LETA) is the primary trainer of law enforcement officers for Northeast Arkansas (NEA), training 100-120 officers for local police stations and sheriff's offices, Arkansas Highway Police, Arkansas State Police, and other state and local agencies. The distance to training academies in other parts of the state necessitate BRTC's local program. However, BRTC's LETA is facing program-threatening housing issues without which BRTC's LETA cannot function.

Note: AR law requires BRTC to provide training, room & board, washers & dryers at **no cost to student or department**.

Housing Problems

Students are often unable to travel home after every class and require housing to attend training, but with no on-campus facilities, local motels must be rented. Motel rental constitutes the 2nd largest budget item for the program.

- Motel costs have been increasing yearly
- Frequent insect, bedbug, and roach as well as rodent and animal infestations occur.
- Dents, scratches, and other damage occur to students' state-issued vehicles;
- Drug deals and patron intoxication occur outside rooms and students are physically and verbally accosted by motel patrons.

Advantages of Barracks

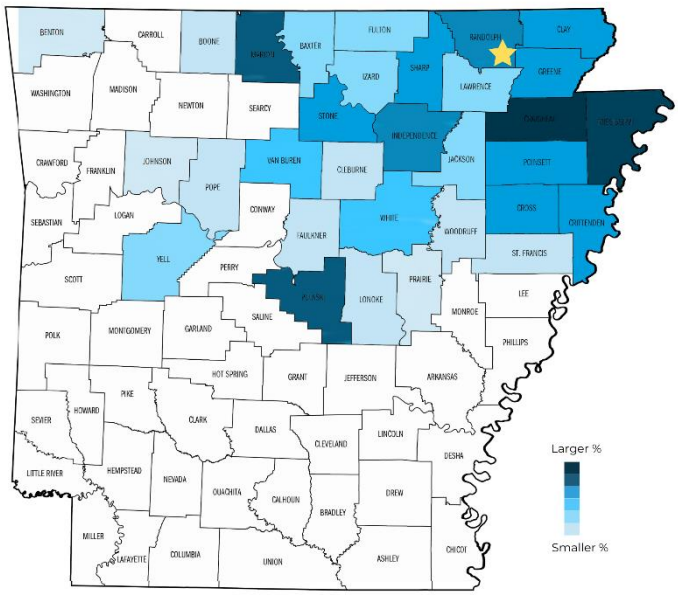
- Stabilize housing costs.
- Control cadets' after-hour activities
- Monitor students who are ill
- Allow after-hour & specialized training
- Provide for a third academy
- House the many required guest instructors including those from FEMA, U.S. Secret Service, ATF, FBI, CJI, AR State Police
- Redirect housing funds into LETA program

Note: LETA's state budget has not changed since its inception in 1999. Housing and program costs have.

Construction	
Total sq. ft. 18,900 @ $250.00/sq. ft.	$4,725,000
Drainage and Earthwork	37,500
Total Construction	**$4,762,500**
Fixtures, Furniture, and Equipment	
Fixtures, Furniture, and Equipment	$895,175
Professional Fees and Other Costs	
7% of Subtotal	$333,375
Architectural Expenses	33,375
Soils Analysis	6,250
Project Contingency	250,000
Total Fees & Other Costs	**$623,000**
Project Total:	**$6,280,675**

Note: Budget does not include significant soils undercut (contingency to cover unknowns in project development) or parking but includes some sidewalks and minor site development. Numbers based on a March 11, 2020, estimate.

% of BRTC LETA Cadets by County
FY 2019-2023



AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.6

Agency: DFA Disbursing Officer Business Area Code: 0620

Program Title: ARPA - Black River Technical College - Law Enforcement Training Academy barracks

Granting Organization: US Treasury CFDA #: 21.027

Effective Date of Authorization: Beginning: 10/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
The purpose of this grant is to allow the Black River Technical College to construct barracks for the Law Enforcement Training Academy. Class size has been limited due to the rising cost of off campus housing. This facility will not only enable an increase in the number of officers trained annually, but will provide housing for short-term advanced training classes for incumbent officers.

American Rescue Plan Act Program Funding

Func. Area: ADMN Fund Code: NEW Direct Funding:
Funds Center: NEW Internal Order/WBS Element: State: X
Continuation:

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	4,700,000
Other:	
Other:	
Total	$ 4,700,000

Anticipated Duration of Federal Funds: 12/31/2026

DFA IGS State Technology Planning **Date**

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23
Office of Budget Date

Office of Personnel Mgmt Date

Devin Shaw 11/01/23

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.7

Agency: Arkansas Department of Human Services Business Area Code: 0710

Program Title: Emergency Aid Relief to Hospitals

Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
This request is for Eureka Springs Hospital in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding:
Funds Center: AZ5 Internal Order/WBS Element: State: X
Continuation:

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	4,589,119
Other:	
Other:	
Total	$ 4,589,119

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning Date

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately) * unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.11.01 10:55:43 -05'00'

Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23

Office of Budget Date

Office of Personnel Mgmt Date

Joshua Kenyon
11/1/23

Arkansas Rural Hospital Sustainability Program

Hospital Plan Summaries

November Arkansas Legislative Council (ALC)

Arkansas Department of Finance & Administration

Prepared by Alvarez & Marsal Public Sector Services, LLC

2023

Eureka Springs Hospital Sustainability Plan Summary

February Baseline Metrics

- 244.4 Days Cash on Hand[23] (DCOH)
- 49 Days in Accounts Receivable, Net (Net AR)
- 72% in Labor/Net Patient Service Revenue (NPSR)
- -25% Operating Margin
- 3.97 for FTEs per Adjusted Occupied Bed (AOB)
- 0.7 in Average Daily Census (ADC)

Challenges

Eureka Springs Hospital is a 15 licensed-bed Critical Access Hospital (CAH) within Carroll County. Eureka Springs has experienced continued decreases in both inpatient and swing bed patient volumes since February 2023 with ADC dropping to 0.6 in Aug '23. However, Emergency Department (ED) volume has remained consistent. Hospital space is limited and adding new services is a challenge due to required maintenance in an aging facility. Eureka's plant comprises of two buildings (constructed in 1929 and 1967), which require significant facility improvements[4]. Furthermore, Eureka Springs has seen a surge in salaries post-pandemic due to provider labor shortage and may soon require temporary labor to fill staffing gaps.

Sustainability Approach: Track 1

Eureka Springs selected *Track 1: Transformative Hospital Reform (Reclassification or Consolidation/Merger)* to convert to a Rural Emergency Hospital (REH). This reclassification will save the Hospital space and resources that are currently used for its inpatient and swing bed services and repurpose them for outpatient services. Additional REH funding will be used to expand community-needed healthcare services, upgrade facility equipment, and strengthen the hospital's financial stability. Noted benefits and changes from this reclassification for Eureka Springs include:

- Continuation of Emergency Department Services, including observation stays
- Continuation of Outpatient services, including Radiology, Laboratory, Endoscopy, Physical Therapy, Speech Therapy, and Occupational Therapy Services
- Discontinuation of all inpatient services, including swing bed services
- Establishment of a transfer agreement with a Level 1 or Level 2 Trauma Center to provide continuity of patient care for Eureka Springs patients to be treated at a partnering facility
- 5% increased reimbursement on the Hospital Outpatient Prospective Payment System (OPPS) payment rates
- Additional monthly REH facility payment, amounting to $272,866 in CY 2023

Track 1 Benchmarks

- ✓ Pro-forma (6- and 12-mo. assumptions) [10/10/23]
- ✓ Letter of Intent [10/10/23]
- ✓ REH Attestation Statement [10/12/23]
- ✓ Conversion Plan [10/16/23]
- ✓ Application for REH Status [10/19/23]
- ✓ Public Press Release [10/25/23]
- ✓ Transfer Agreement [10/25/23]

Noted Progress/Updates

Eureka Springs management completed all requested milestones in October '23 and made a public release on October 25th, 2023, explaining the closure of inpatient and swing bed services, which stated, *"this is the model we have been operating under for the past few years. It makes sense to change the designation to reflect the services our community is primarily using."* Management also emphasized the value of outpatient services and restated its commitment to provide and enhance outpatient services needed by the local community.

Cybersecurity Checklist

Eureka Springs' Director of Information Services reviewed the six-internet security basic controls and eight Cyber Defense Minimum Standards. Eureka Springs will work with Legislative Audit to complete an on-site cyber review.

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[2]Days Cash on Hand as of February 2023, was calculated by dividing $6M by ~$25k in daily expenditures.

[3] As stated in A&M's February '23 report, Cash and Cash equivalents is inclusive of a $3.6M hospice license sale, which management indicated are restricted funds, which takes their days of cash on hand (COH) to 244.

[4] During A&M's on-site review, one of the facility's air handler malfunctioned and required repair with select building infrastructure (chiller, boiler, and generators) date back to the 1986 build. The hospital has engaged an architect and engineer regarding updates and a possible $30M facility plan.

Eureka Springs Hospital

Sustainability Plan

Track 1 - REH Conversion

RE: Arkansas Rural Hospital Sustainability Program

October 17th, 2023

Purpose:

Eureka Springs Hospital is submitting a Track 1 – Transformative Hospital Reform plan. The purpose of this document is to discuss the decision rationale, conversion plan and subsequent milestones the Hospital will be reaching to ensure an REH conversion is a seamless transition for the community.

Converting a Critical Access Hospital (CAH) to a Rural Emergency Hospital (REH) involves several key considerations, and we feel that through the support of our hospital commission as well as the community that the REH designation is right path for Eureka Springs Hospital. The process of transitioning to an REH will free up valuable space within the facility that will allow Eureka Springs Hospital invest in needed outpatient services. We feel that by working closely with our community leaders and members we will be able to discover the most needed outpatient services and will focus on meeting the needs of our community.

The allocation of these additional funds will be used in several ways, depending on the specific needs and priorities of the facility at the time they are received. A focus will be placed on expanding community needed healthcare services, upgrading facility equipment and technology, and strengthening the hospital's financial stability.

Overview of Strengths and Challenges:

Strengths

- *Commitment to Community:* Eureka Springs Hospital's Leadership & Commission remain committed to providing quality care and health care resources to the community. We remain active in community events where we provide health education and resources and through these endeavors, we have created a strong relationship with both Community Leaders and members.
- *Coding and Billing Efficiency:* Achieved three days or less on all outstanding claim submissions, which has increased gross daily billing.

Challenges

1. *Age of Facility:* Eureka Springs Hospital is comprised of two operating buildings. The original building from 1929 currently houses Administration, Ultrasound and DEXA services. The second building was built in 1967 and currently houses all patient care areas, including Emergency Services. Due to the age of the facilities services are limited because of space restraints.

2. *Decreased Patient Volume:* There has been a trend of decreasing in patient and swingbed patient stays.

3. *Staffing loss/ Increased Expense to retain current staff:* Due to the COVID-19 Pandemic we lost a percentage of our nursing staff to travel nursing agencies. To retain the remaining hospital staff, facility leadership and the hospital commission focused on increasing wages and offering a bonus program which helped to retain staff members and limit agency staffing.

4. *Financial Restraints:* Revenue Cycle Inefficiencies delaying incoming revenue

REH Conversion Overview

Through careful analysis, Eureka Springs Hospital leadership has reviewed our current operations and financial statistics and feel that due to the decrease of utilization of both our inpatient and swingbed services that transitioning from a Critical Access Hospital to the Rural Emergency Hospital designation more closely fits our current operating model. Due to our location in a city with a tourist driven economy our focus will remain on providing quality emergency services to our community and its visitors. We also have a robust list of outpatient services that are utilized by local clinicians that include radiology services, laboratory services, endoscopy, physical therapy, and speech therapy.

The leadership at Eureka Springs Hospital fill that it is highly important to keep the community aware of changes with our service lines and through press releases and education they will be informed on the discontinuation of our inpatient services as well as services that will remain and any new services that will be an available resource for them. Patients that present to our emergency department that require a higher level of care than we can provide will be promptly transferred to the most appropriate facility according to their needs. As members of the Arkansas Trauma system all trauma patient transfers are expedited quickly to level 1, 2, or 3 facilities accordingly.

Eureka Springs hospital has always prided ourselves on our team members, all staff members excel in their area of expertise and are always willing to work as a team in any area to ensure patients receive a high level of care. Being that we are a rural facility nursing staff are trained to provide care in all nursing departments, which includes our emergency department, nursing floor, and endoscopy services. Our laboratory and radiology department are both staffed 24 hours a day to ensure staff are readily available at any hour to complete diagnostic testing. Emergency physician and hospitalist staffing is contracted with ESS to provide 24/7 physician coverage, through our working relationship ESS is a part of our healthcare team and we share the same goal of providing quality care to our community.

Summary of Services Continued and Discontinued:

Eureka Springs Hospital will continue providing the following services:

- Emergency Department Services to include observation stays as needed

- Outpatient services to include Radiology, Laboratory, Endoscopy, Physical Therapy, Speech Therapy, and Occupational Therapy Services

Eureka Springs Hospital will discontinue all inpatient services including swingbed services.

Eureka Springs Hospital will continue providing the following outpatient services:

- Outpatient services to include Radiology, Laboratory, Endoscopy, Physical Therapy, Speech Therapy, and Occupational Therapy Services

Summary

Through careful analysis, Eureka Springs Hospital leadership has reviewed our current operations and financial stats and feel that due to our continued decrease in both inpatient and swingbed census that transitioning from a Critical Access Hospital to the Rural Emergency Hospital designation more closely fits our operating model. Through discontinuing our inpatient services, the facility will be able to focus on community needed outpatient services while continuing to provide emergency services to the community and visitors of Eureka Springs, Arkansas. In summary, the leadership team at Eureka Springs Hospital in conjunction with their hospital commission are dedicated to providing quality healthcare and resources to their patients and their community. Transitioning to an REH designation will allow for cost saving initiatives outlined within this plan, with many already initiated, we feel that we can overcome our challenges and remain a viable healthcare provider in our community and Carroll County

Cybersecurity Checklist

Eureka Springs' Director of Information Technology reviewed the six Internet Basic Controls and eight Cyber Defense minimum Standards. Eureka Springs will work with Legislative Audit to complete an on-site cyber review.

Benchmarks

Track 1 - Transformative Hospital Reform

1. REH/CAH
    a) Letter of Intent, public press release
    b) Conversion plan and Application for REH/CAH status

Track Actions/Milestones

Actions	Description	Anticipated Completion Date
Pro-forma (6- and 12-mo. assumptions)	6-month and 12-month pro-forma financials that include revenue and volume expectations	October 10th, 2023
Conversion Plan	Summary of its plan to close select service lines while adjusting the operations of other services	October 16th, 2023
Letter of Intent / Board support for REH conversion	Eureka Springs Board of Directors formally express their intent to convert Eureka Springs Hospital to an REH.	October 10th, 2023
Transfer Agreement	Eureka Springs signs patient transfer agreement with a Level 1 or Level 2 Trauma Center to provide continuity of patient care for Eureka Springs patients to be treated at partnering facility	October 25, 2023
Public Press Release	Eureka Springs informs public of its conversion and changes in operations	October 25, 2023
Application for REH status	Eureka Springs will submit the formal REH application, either a change of information online (via PECOS) or a paper CMS-855A application to its Medicare Administrative Contractor (MAC) to convert to an REH	October 19, 2023
REH Attestation Statement	Eureka Springs attests to its compliance of REH enrollment and conversion requirements	October 12th, 2023

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023

C.8

Agency: Arkansas Department of Human Services Business Area Code: 0710

Program Title: Emergency Aid Relief to Hospitals

Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
This request is for Magnolia Regional Medical Center in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding:
Funds Center: AZ5 Internal Order/WBS Element: State: X
Continuation:

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	1,916,015
Other:	
Other:	
Total	$ 1,916,015

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning **Date**

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.11.01 10:53:09 -05'00'

Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23

Office of Budget Date

Office of Personnel Mgmt Date

Joshua Kenyon
11/1/23

Arkansas Rural Hospital Sustainability Program

Hospital Plan Summaries

November Arkansas Legislative Council (ALC)

Arkansas Department of Finance & Administration

Prepared by Alvarez & Marsal Public Sector Services, LLC

2023

Magnolia Regional Medical Center Sustainability Plan Summary

February Baseline Metrics

- 120.7 Days Cash on Hand[5] (DCOH)
- 58 Days in Accounts Receivable, Net (Net AR)
- 60% in Labor/Net Patient Service Revenue (NPSR)
- -16% Operating Margin
- 3.94 for FTEs per Adjusted Occupied Bed (AOB)
- 9.1 in Average Daily Census (ADC)

Challenges

Magnolia Regional Medical Center (MRMC) is a 49 licensed-bed general hospital within Columbia County. MRMC challenges have centered around staff recruitment and retention. During the pandemic, the hospital closed its obstetrical program and the hospital's sole general surgeon departed in the summer of 2023. Additionally, the hospital was reliant on hospitalist coverage provided by the University of Arkansas for Medical Sciences (UAMS), which closed its local primary care residency program. As a result, the hospital has become more reliant on travelers and contracted hospitalist coverage. Along with significant recent capital expenses, MRMC's cash position has further decreased to 95.7 days as of Sept '23[6]. Additionally, Net AR remains higher than desired which further compounds a challenging fiscal position.

Sustainability Approach and Initiatives - Track 2

MRMC selected *Track 2: Strategic Hospital Improvement* and chose to focus on improving Net Days in Accounts Receivable and Days Cash on Hand.

Net Days in Accounts Receivable improvements focus on dedicating resources to improve the revenue cycle process and reduce the number of days in accounts receivable. A revenue cycle director was hired to improve admission, billing, and collection processes. The hospital is working with several managed care organizations to review and negotiate payer contracts. Other efforts include credentialing and enrolling providers with managed care payers, updating the charity care process to help more patients become eligible, reviewing its chargemaster, and better management of denials.

Days Cash on Hand improvements rely on revenue cycle process improvement efforts to increase cash flow along with efforts to capture additional revenues. Beyond efforts to address Net Days in Accounts Receivable, which will positively impact the Days of Cash on Hand, sustainability initiatives address previous challenges with staffing[7], improvements in provider reimbursement[8], and launch of a new pain procedure as part of the Pain Management Service Line offering. Together, MRMC believes that this will be sufficient to meet the hospital's daily operational cost of $80k and help the hospital meet its cash on hand targets. In total, the hospital expects its initiatives to generate $2.6M in net income over twelve months.

Noted Progress/Updates

MRMC kicked off sustainability efforts early '23 by hiring a Revenue Cycle Director in February. Weekly accountability meetings are now being held with staff to review denials management to ensure accounts are worked and follow through is made. These efforts have resulted in a two-day improvement of Net Days in AR by September '23 (55.7 days). Lastly, management is working with the Arkansas Hospital Association (AHA) to assess reimbursement methodologies and improve transparency.

Cybersecurity Checklist

MRMC's Director of Information Services reviewed the six-internet security basic controls and eight Cyber Defense Minimum Standards. MRMC will work with Legislative Audit to complete an on-site cyber review.

[5] Days Cash on Hand as of February 2023, was calculated by dividing $9.6M by $80k in daily expenditures.
[6] Noted expenses include insurance premium, facility maintenance repairs and replacements, and equipment for the mammography, ophthalmology, and orthopedics services, which total $1.3M.
[7] Management engaged external consultants to improve the surgery and ortho service lines, established locum tenens coverage (while recruiting a new general surgeon) and recruited an Ear, Nose and Throat (ENT) specialist to complete surgical procedures mid-August.
[8] Management relocated an off-campus, provider-based clinic to an on-campus clinic in April to improve provider reimbursement.

MAGNOLIA REGIONAL MEDICAL CENTER

Sustainability Plan

September 25, 2023

Magnolia Regional Medical Center ("MRMC") is a 49-bed, non-critical access, acute care hospital located in Magnolia, Arkansas. In addition to the hospital, **MRMC** also operates a home health agency, one rural health clinic, one primary care clinic, a general surgery clinic, and an orthopedic surgery clinic. Services within the hospital include radiology; laboratory; respiratory therapy; inpatient medical, surgical and intensive care; emergency services; physical therapy; and surgical services. Surgical services provided include orthopedics, ophthalmology and otolaryngology (started in August 2023). **MRMC** recently completed the recruitment of a new general surgeon.

Serving the people of Columbia and surrounding counties, **MRMC** serves a population around 27,500 people (approximately 36,860 people are within a 30-mile radius of **MRMC**). There are three other acute care hospitals within 35-miles of **MRMC**: Springhill Medical Center (21.7 miles) in Springhill, Louisiana; Ouachita County Medical Center (31.4 miles) in Camden, Arkansas; and South Arkansas Regional Hospital (33 miles) in El Dorado, Arkansas. While the population in our service area has been rather stable, recent focus on the Lithium industry does provide an opportunity to expand our population over the next several years (reported 6,000 plus jobs). Local employer Albemarle is expecting job growth in the area (~500EEs) as well. Now more than ever, a strong and viable hospital becomes critical to the economic growth of our service area.

As with many other hospitals in Arkansas, **MRMC** has faced financial challenges that were exacerbated during and after the COVID-19 Public Health Emergency (COVID PHE). This document, along with the information in the Arkansas Rural Health Assessment produced by Alvarez & Marsal, outlines some of the challenges, as well as, initiatives the organization is taking to maintain sustainability for the population we serve.

MRMC is constantly looking for ways to improve our financial position. From improvements in reimbursement and revenue cycle management, to new services being offered to the community and reducing expenses where possible, **MRMC** is planning for the long-term sustainability of the organization. The following tasks are either recently completed or are actively being implemented by the organization. Additional funding through state ARPA resources can assist **MRMC** overcome many of the COVID PHE financial impacts that the facility is still addressing.

Improve Staffing – Recruitment and Retention

During the COVID PHE, **MRMC** made several changes to the services provided within the organization. The most significant was the ultimate closure of the obstetrical program at the organization. In August of 2020, staff were pulled from obstetrical program areas (Labor & Delivery, Postpartum, and Nursery) to help with the influx of COVID-19 patients. Deliveries began to be referred to neighboring facilities while our inpatient COVID-19 volumes increased. Ultimately, our obstetrical program staff left our organization. The loss of the obstetrical

program has impacted our Medicaid days, UPL (Upper Payment Limit) payment and potentially our DSH (Disproportionate Share Hospital) status.

As our obstetrical program staff left the organization, **MRMC** had to increase agency staffing in order to continue to care for the patients in our organization. Hourly rates for agency staffing reached $150+ an hour at times during the COVID PHE.

Actions taken: MRMC has taken several steps to improve recruitment and retention activities for the organization in the past 18 months:

- **Nurse Residency Program**: The Nurse Residency Program was started earlier this year to extend the learning environment for students in local nursing programs. **MRMC** selected 5 residents for the initial program. The residents rotated through nursing as well as non-nursing areas of the hospital, learned core competencies (foley insertion and care; phlebotomy, advanced cardiac life support, etc.), and shadowed experienced staff members. The residents will also assist in the recruitment process for prospective nurses at their respective nursing programs. Each of the residents received nominal compensation during the educational portion of the residency program. In addition, the residents were also employed as techs to help support the organization when staffing needs dictated. The ultimate goal was to increase interest in our organization for long term employment. Based upon current information, three of the five residents have expressed interest in joining our organization once they complete their nursing program.

- **Organization-wide Salary Adjustments**: **MRMC** was faced with several nursing departures in mid-2022. Due to staffing shortages during and after the COVID PHE, many area hospitals increased nursing salaries. We were faced with strong nurses being recruited by local hospitals for up to $11 per hour above their current **MRMC** wages. Due to financial challenges, **MRMC** had not adjusted pay ranges in over 5 years. Leadership made the decision to begin reviewing all salaries (clinical and non-clinical) within the organization starting with nursing.

  Compensation information was obtained through the Arkansas Hospital Association. Adjustments were made in our salary range and individual compensation was adjusted. Several employees were significantly outside of the updated salary range for their position. In order to be impactful and take into consideration the financial position of the organization, salary adjustments were capped at $3.00 per hour. Additionally, the organization staggered the adjustments to further lessen the immediate financial impact. At annual evaluation time, compensation would be reviewed again. Additional increases were implemented, if warranted, based upon the revised salary scales.

Approximately 95% of the employees have had their compensation reviewed and adjusted if warranted.

- **Employee Recruitment Incentives**: The organization started offering an employee recruitment incentive in July of 2022. The incentive is available for all non-management employees who are full time with the organization. The organization identified "High Priority Opening" positions (RNs, LPNs, MT/MLT, and Radiology Technologist) and provided full time employees a $2,000 incentive to recruit new employees to the organization. After ninety (90) days, the employee would receive $500, and after one year, the employee would receive $1500. As of the end of July 2023, the organization has recruited 5 new employees through this program.

  NOTE: The organization decided to **not** offer sign on bonuses to new hires (except physicians and mid-level practitioners). This was done to help with retention of our current staff.

- **Nurse Recruitment Events**: In 2022, the organization started remote recruiting events with the local nursing schools. Events were held in Magnolia (Southern Arkansas University), El Dorado (Southern Arkansas Community College), and in Hope (University of Arkansas Hope – Texarkana). Events in Magnolia and El Dorado were held at restaurants where executive leadership, nursing leadership and human resources met with nursing students regarding our organization and various opportunities available. Nursing leaders visited the University of Arkansas Hope – Texarkana with snacks in between classes. We received very positive feedback on the events and had several express interest in the organization (including submission of employment applications). External recruitment events will continue in Magnolia and El Dorado. We are considering expansion to other markets during this school year.

The ultimate goal of these initiatives is to (1) reduce nursing contract labor expense in the hospital, (2) reduce turnover, and (3) recruit and retain adequate, qualified talent based upon our patient volume.

	FY 2022	**FY2023 Projected**	**Variance**
Nursing Contract Labor	$1,253,278	$685,877	$567,401
	8/2021 – 7/2022	**8/2022 – 7/2023**	**Variance**
Overall Turnover (FT employees)	24.47%	15.06%	9.41% points

Physician Recruitment / Staffing

During the COVID PHE and continuing afterwards, the organization has been challenged by significant medical staff changes.

The University of Arkansas for Medical Sciences (UAMS) began to shutter the local primary care residency program in Magnolia during the COVID PHE. The residency program provided direct financial benefits to our organization (IME and GME) and direct staffing benefits such as the residents from the UAMS program covered our hospitalist program on weekends and evenings. In May of 2022, hospitalist coverage provided by UAMS ceased. Filling the void created by the UAMS withdrawal from our community became a top priority.

In addition to the UAMS residency departure, our full time employed hospitalist, who covered Monday through Friday day hours, began to reduce the number of days he was covering the program (five days per week to three days). This further increased our need for a third party to help staff the program.

Lastly, our only general surgeon announced he would be leaving our community effective July 1, 2023. In order to continue to provide general surgery cases and keep patients who may need surgery in our hospital, the organization (1) retained a search firm to help with recruitment and (2) engaged a *locum tenens* general surgeon to help cover our needs.

- **Contract with Hospitalist Company**: Unfortunately, due to the short notice received on the cessation of the UAMS residents covering nights and weekends for the hospitalist program, the organization was not able to recruit new physician(s) to staff the program. Instead, the organization signed an agreement with Hospital Care Consultants to provide hospitalist coverage on weekends and two days out of the week. The agreement also allowed for additional coverage as our needs expand. This new agreement has resulted in increased expenses for the organization, inconsistency in physician coverage, and at times apprehension to keep patients in our hospital.

- **General Surgery recruitment**: The organization retained an outside physician recruitment firm to assist with the recruitment of a new, permanent general surgeon. Fees are paid monthly to the firm and a final payment is due upon hiring the new physician. This process was expected to take several months to complete (candidate selection, contract negotiations, state licensure process, and relocation). The organization has budgeted approximately $45,000 in expenses for this recruitment project.

  On September 14, the organization signed a new general surgeon who is anticipated to

start in early 2024 (pending Arkansas medical licensure and hospital credentialing).

- **General Surgery – *Locum tenens*:** During the interim period when our former general surgeon left the organization (June 2023) and the arrival of our new general surgeon (January 2024), the organization signed an agreement for a *locum tenens* physician to provide general surgery coverage two weeks per month. Full coverage would be ideal for the organization; however, the expenses involved are significant. *Locum tenens* fees are expected to be approximately $50,000 per month. The interim solution will help the organization:
    - keep some of the general surgery cases instead of transferring out of town;
    - maintain a revenue stream during the search process; and
    - help keep inpatients and observation patients who may need surgical consults during their hospital stay.

- **New Family Medicine Physician:** Our organization was fortunate to recruit a family medicine physician who was born and raised in Magnolia. The new physician joined the organization in the middle of April. He practices Monday through Friday in one of our on-campus clinic locations.

- **Additional Primary Care Recruitment**: The organization will continue to recruit additional primary care providers (physicians and nurse practitioners) to further boost our primary care group after our new physician has adequately ramped up a practice base.

Service Line Development

MRMC has made several investments in the surgical service line and clinic service line. These investments started during the COVID PHE and have continued to present day. Investments have been made in the surgical services department as a whole, orthopedic enhancements, the addition of otolaryngology services, general surgery, and pain management. Clinic investments include a new family medicine physician and the relocation of a clinic for revenue improvement reasons.

- **Surgical Services Department**:
    - External consultant – The organization engaged an external consulting firm to assist with identifying opportunities to improve efficiencies (increase case volume, improve room turnaround times, and centralize surgical case scheduling) within the surgical services department. The pre-, intra- and post-operative processes were reviewed and suggestions for improvement provided.

The organization has implemented several of the suggestions and is continuing to work on other opportunities.

- Additional staffing – With increasing surgical case volume, driven mainly be orthopedics, the organization determined an additional surgical crew (from 2 to 3 crews) was needed in order to improve retention within the department. The additional crew allowed for improved surgical call distribution amongst the staff and improved overall staff retention.
- Anesthesia contract – In May of 2022, the anesthesia service line had a significant staffing challenge with the departure of our full time CRNA. Over the next several months, the organization negotiated for increased anesthesia coverage to cover an increasing surgical case volume. The new agreement for services increased anesthesia coverage and resulted in an increase in expenses.

- **Orthopedic Service Line**:
  - External consultant – The organization engaged an external consultant to focus on the orthopedic surgery clinic activities. The consultant identified processes to improve for pre-authorization, clinic operations, and educational deficiencies amongst staff. The organization continues to implement changes identified. In addition, ongoing educational classes are held for employees in the orthopedic surgery clinic.
  - Additional tools and equipment – The organization has obtained additional equipment to allow for more surgical cases to be performed by the orthopedic surgeon. On several occasions, the organization could not turn instruments around in time for cases resulting in delays. This was an area identified by the external consultants for improvement.
  - Midlevel practitioners – The organization hired a Nurse Practitioner (NP) and a Physician Assistant (PA) to assist in the growth of the orthopedic surgery program. The NP sees new and existing patients in the clinic and post-operative patients in the hospital. The PA sees patients in the clinic, post-operative patients in the hospital, and assists in the operating room. Employment of the PA has allowed the orthopedic surgeon to delegate certain tasks in the OR which has shortened his time in cases. This, along with additional anesthesia coverage, has allowed the orthopedic surgeon to operate on more patients in the same amount of time.
  - Extra anesthesia staffing – The additional anesthesia coverage, discussed above, allowed the orthopedic surgeon to increase surgical cases by utilizing two operating suites more efficiently.
  - Orthopedic Coder – In an effort to improve reimbursement for the orthopedic service line, the organization recruited an orthopedic coder.

- **Otolaryngology (ENT) Service Line**:
    - Recruitment of ENT – Leadership actively courted an ENT to join the organization for the past several months. The physician has now been credentialed and began performing surgical procedures at the facility in mid-August.
    - Equipment and Tools – ENT services have not been performed at the organization for 10 plus years. Initial startup expenses with this service line were minimal.

- **Clinic Service Line**:
    - Relocation of Primary Care Clinic – The organization relocated an off-campus, provider-based clinic to an on-campus, provider-based clinic in April of this year. The relocation directly impacted Medicare and Medicare replacement patient visits. Physician reimbursement increased $86.31 per visit and Nurse Practitioner reimbursement increased $83.94 per visit for those specific payors.
    - Relocation of General Surgery Clinic – In April of this year, the organization relocated the general surgery clinic to the same clinic space as the orthopedic surgery clinic. This allowed the organization to maximize staffing in one location for specialty services.

- **Pain Management Service Line**:
    - Our new anesthesia group attended continuing education and a product training session in August on Iovera. Iovera provides pain relief for certain orthopedic ailments. The Iovera program involves a relatively low capital outlay. The organization has started providing Iovera pain procedures.

      Conservative estimates for volume and reimbursement are 12 patients per month with a profit per patient of $1,862. Annualized, we anticipate a profit of $268K for the service.

Sustainability Pathway

Track 1: Transformative Hospital Reform

While **MRMC** does not currently qualify for transition to Critical Access Hospital (CAH) designation, federal legislation is being considered that would allow exemptions for certain criteria / regulations. If legislation is enacted allowing **MRMC** to convert to a different designation status, our Board would strongly consider a Track 1 option.

Track 2: Strategic Hospital Improvement

MRMC has selected the Strategic Hospital Improvement track in order to maintain sustainability of the organization.

The two operating metrics that **MRMC** selected are: Days in Accounts Receivable (Option 2) and Days Cash on Hand (Option 2). While the other metrics were not selected for this plan, **MRMC** is also working to make improvements where we fall below benchmarks.

Days in Accounts Receivable:

In February, **MRMC** hired an experienced Revenue Cycle Director to lead our admission, billing, and collection processes. We realized additional resources were needed in this area, especially with the increased surgical volumes, decreasing inpatient activity, and reimbursement challenges from our payors. In the first five months, we have seen improvements in our revenue cycle process including the following:

- **Payor Contract Review and Negotiations**: **MRMC** is currently working with several managed care organization on reimbursement increases and improved contractual language.

  The organization is working with the Arkansas Hospital Association on participating in the American Hospital Association Vitality Index. The AHA Vitality Index is a data platform designed to bring transparency into hospitals' reimbursement-related performance, to help identify who the problem payors are, and to promote data to convince policymakers of the need to address the poor reimbursement practices of health plans and insurers.

- **Credentialing and Provider Enrollment Verification**: Dedicated resources are ensuring that all of our employed providers are credentialed and enrolled with our managed care payors. This also includes regular monitoring of payor web sites, payor participation verification with payor customer service, and focused onboarding of a newly hired primary care physician.

- **Charity Care Initiative**: **MRMC** updated its charity care process to ensure improved healthcare access making it easier for eligible patients to apply and qualify. In addition, as Medicaid re-enrollment activities escalated at the end of the COVID PHE, our team helped with participant identification and developed a brochure to assist the patients at all registration points with enrollment information.

- **Chargemaster Review**: **MRMC** is reviewing and adjusting its chargemaster to ensure maximum reimbursement from our managed care payors.

- **Denials Management**: Ongoing focus on denials from managed care payors has been a significant focus. Weekly accountability meetings are held with team members to ensure accounts are worked and appropriate follow through is made.

- **Price Transparency and No Surprise Act**: We have ensured **MRMC** is compliant with CMS regulations on the Price Transparency and No Surprise act reducing potential financial penalties from CMS.

- **Billing and Collection Process**: The complete process has been reviewed and updated to ensure clean claims are sent to all payors in a timely manner. In addition, payments received are reviewed for accuracy prior to billing any patient portions.

We are confident that we will meet the 6-month and 12-month improvement targets as a result of the actions we are implementing.

Option 2:

Operating Metric	Benchmark	Per A&M Report (Feb 2023)	6 Month Target	12 Month Target	September 2023 Estimated
Days in AR, Net	43.7	57.7	52.4	45.9	55.7

Days Cash on Hand:

Days Cash on Hand has been a constant reminder of the frailty of our organization. We have had months when we have had slight increases, slight decreases, and unfortunately months with significant decreases. Identifying looming payments that need to be made for capital improvements, repairs, equipment replacements, and increasing labor expenses makes almost every decision become financially motivated. Recent major expenses we have dealt with include the following:

- **Purchase of new Mammography equipment** (~$450K). Old equipment was reaching end of life. It became imperative to replace in order to maintain the service line at the organization. Thankfully, our foundation was able to provide a generous donation to help fund the equipment; however, the organization will still be paying approximately $300K towards the new equipment.

- **Purchase of new Microscope for Ophthalmology service line and an unexpected ophthalmology equipment repair** (~$90K). Our ophthalmology microscope was purchased in 1998. Without the repair and replacement, we would have to close the ophthalmology service line at the hospital.

- **Purchase of additional equipment for Orthopedic service line** (~$30K).

- **Major repair of cooling tower** (~$30K).
- **Air Handler Unit coil replacement** (~$30K).
- **Annual insurance premium payment** (~$400K).

Option 2:

• Operating Metric	Benchmark	Per A&M Report (Feb 2023)	6 Month Target	12 Month Target	September 2023 Estimated
Days Cash on Hand	132.8	120.7	112.9	126.2	95.7

It takes approximately $80K per day to operate our organization. Moving from our current Cash on Hand days estimated to be at 95.7 days for September to the 12-month target of 126.2 equates to a 30.5 day increase in cash or $2,440,000. With an influx of ARPA funding and the implementation of the tactics discussed above, we feel confident that we will meet the targets above.

Summary

Magnolia Regional Medical Center has been in existence for over 80 years. With the potential growth in our area from current plant expansions and development in bromine and lithium industries, the need for a strong hospital in our community becomes even more vital.

The organization is working on several areas to generate increased revenue, reduce expenses, and improve staff recruitment and retention which will positively impact our long-term sustainability. Critical for our hospital, and many others across the state and country, is reimbursement improvements from all payors: Medicare, Medicaid and managed care organizations – many of which are outside of our control.

We are thankful for the opportunity to work with the State of Arkansas, Alvarez & Marsal, and our elected officials as we pursue long-term sustainability. Funding through ARPA will allow Magnolia Regional Medical Center to focus more financial resources on revenue generating services and expense control efforts further solidifying our success.

Cybersecurity Checklist:

Magnolia's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. Magnolia will work with Legislative Audit to complete an on-site cyber review.

Track 2 – Sustainability Summary (Days Cash on Hand and Days in AR)

Initiative	*Description*	*Start Date*	*Time to Implement*	*Revenue Impact*	*Expense Impact*
Improve Nurse Recruitment and Retention; Reduce Agency Nurse Staffing Cost	Nurse Residency Program; Salary Adjustments; Employee Recruitment Incentives: Nurse Recruitment Events	Jul 22	Ongoing		$(535,608)
Physician Recruitment/Staffing: General Surgeon	Establish locum tenens coverage during general surgeon transition. Recruitment of new general surgeon.	Aug 23	12 Months	$283,116	
Physician Recruitment - Family Medicine Physician & Clinic Service Line Improvements	Recruitment of new Family Medicine Physician.	Apr 23		$71,446	
Service Line Development: Surgery & Ortho Service Lines Improvements; Addition of ENT and Pain Management	Hired Consultants; Added ENT Surgeon and Pain Management Clinic.			$618,000	$130,000
Denials Management	Improve focus on managed care denials with weekly accountability meetings. Goal to reduce by 30%	Mar 23	12 Months	$500,113	
Billing and Collection Process Improvement	Update process to ensure clean claims submitted timely. Focused payment review for contract compliance. Upfront Collections Process.	Feb 23	12 Months	$220,000	
Charity Care Initiative; Price Transparency;	Improve application and qualification process. Assist with Medicaid re-enrollment post COVID PHE.	Oct 22	12 Months	*Unable to quantify*	
Payor Contract Review and Negotiations; Provider Enrollment Verification & CDM Review	Payor contracts under review and negotiation to improve language for better reimbursement and quicker turn on clean claims. Reviewing CDM for maximizing of reimbursement and verifying that all providers are in network and properly linked to payors.	Feb 23	24 Months	$508,522	
Total				$2,201,197	$(405,608)
Net Impact				**$2,606,805**	

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.9

Agency: Arkansas Department of Human Services Business Area Code: 0710

Program Title: Emergency Aid Relief to Hospitals

Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
This request is for Delta Health System in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding:
Funds Center: AZ5 Internal Order/WBS Element: State: X
Continuation:

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	2,620,000
Other:	
Other:	
Total	$ 2,620,000

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning **Date**

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.11.01 10:54:37 -05'00'

Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23

Office of Budget Date

Office of Personnel Mgmt Date

Joshua Kenyon
11/1/23

Arkansas Rural Hospital Sustainability Program

Hospital Plan Summaries

November Arkansas Legislative Council (ALC)

Arkansas Department of Finance & Administration

Prepared by Alvarez & Marsal Public Sector Services, LLC

2023

Delta Memorial Hospital Sustainability Plan Summary

February Baseline Metrics

- 36.7 Days Cash on Hand[1] (DCOH)
- 46 Days in Accounts Receivable, Net (Net AR)
- 70% in Labor/Net Patient Service Revenue (NPSR)
- -21.7% Operating Margin
- 3.3 for FTEs per Adjusted Occupied Bed (AOB)
- 7.9 in Average Daily Census (ADC)

Challenges

Delta Memorial Hospital (DMH) is a 25 licensed-bed Critical Access Hospital (CAH) within Desha County. Operating margin and cash flow have been negatively affected by difficult collections, recruiting and retention challenges, and competition by other nearby healthcare facilities. Specifically, hidden denials, underpayments from payors, and payments not meeting the terms of contract have limited collectible revenue. Hospital leadership has also cited difficulties in staff recruitment and retention that have been exacerbated by financial constraints and competition from nearby Federally Funded Qualified Health Centers (FQHCs).

Sustainability Approach and Initiatives: Track 2

Delta selected *Track 2: Strategic Hospital Improvement* and chose to focus on improving Net Days in Accounts Receivable and Operating Margin.

Days in Accounts Receivable, Net improvements include the implementation of new operational strategies with a long-standing relationship with their billing company. The hospital has created metrics for coders and is providing weekly reports to encourage higher productivity. Policies regarding preauthorization, denial management, and Medicaid benefit extensions have also been implemented and their implementation is on-going.

Operating Margin improvements are estimated to produce an annual $2.34M in net income. These initiatives include: The launch of a new service line focused on assisting patients with substance abuse and chemical dependency (known as Break Thru) and numerous cost-cutting measures, such as: staff reductions, change in professional and general liabilities, switch to self-insured model for employees and use of a new electronic health record (EHR) for the emergency department. Additionally, the hospital's Charge Master Review in June 2023 estimates the hospital will generate $756k in net income while the new EHR projects a net income of $115k in improved ER documentation and charge capture. Other significant hospital-wide initiatives include continuing growing the 340B program, improving the Patient Care Medical Home program and continuing the use of the AHA IT Consortium.

Noted Progress/Updates

DMH kicked off sustainability efforts beginning October 2022, which resulted in an operating margin improvement of 8.7% by July '23 (-13%) from A&M's February '23 baseline (-21.7%). Management decreased administrative costs through job consolidation, non-replacement, and elimination of positions (such as CFO, COO, administrative assistant, and clinic administer). Patient care costs also decreased by $320k annually through contract re-negotiations, better overtime management and transition of contract employees to full-time. Delta completed a Charge Master Review in June '23 with changes implemented in September '23. Break Thru launched in March '23 with anticipated net income of $200k annually.

Between July 2022 and July 2023, Delta moved their coding back in-house. Due to the hospital's lean staff structure and reliance on select RCM staff, Net Days in AR increased 7 days from 46 days in February '23 to 53 in July '23. Management stated plans to cross-train staff (as well as possibly augment current staff with third-party billing support) are being considered to ensure consistent departmental performance.

Cybersecurity Checklist

Delta's Director of Information Services reviewed the six-internet security basic controls and eight Cyber Defense Minimum Standards. Delta will work with Legislative Audit to complete an on-site cyber review.

[1] Days Cash on Hand as of February 2023, was calculated by dividing ~$1.9M in cash by ~$51K in daily expenditures.

Delta Memorial Hospital

Sustainability Plan

Application No. 3

Track 2 – Strategic Hospital Reform

July 21, 2023
Application No. 3
(15 pages)

January 24, 2023
Application No. 2
(201 pages)

December 2, 2022
Application No. 1
(141 pages)

Strengths

The Creator's Guidance and Blessings on Delta Memorial Hospital

In September of 2022, Delta Memorial Hospital had ended its first quarter $408,000 worse than the previous year's (2021) first quarter. In the previous year (2021), Delta Memorial Hospital had a loss after being cost adjusted of ($1,255,387.99). This means that Delta Memorial Hospital was projecting a cost adjusted loss of ($2,887,387.99) for the fiscal year 2023. This is unsustainable as the rate of loss was increasing instead of decreasing.

During that time Delta Memorial Hospital was losing 4.2 days cash on hand every month and that number was accelerating each month. It had approximately 26 days of cash on hand at the time. The projected date of insufficient funds to make payroll was March 15, 2023, if Delta Memorial was fortunate. The sustainability plan began in October 17, 2022 with the new CEO's arrival.

The first piece of the sustainability plan that was put into place was giving the issues over to God, the Creator of all. Because of his blessings on Delta Memorial Hospital, any time credit is due, we ensure that that credit gets given to God. We have had a saying here at Delta Memorial Hospital, and that saying is "God deserves the credit, he made the opportunities, and we have done our part to meet him halfway."

Reduction of Costs

God created opportunities for cost reductions that DMH strategically took advantage of. By the end of the first quarter of the last fiscal year, DMH had spent $200,000 more than in the first quarter of the previous fiscal year. This means DMH was projecting an increase in expenses of $800,000 from the previous year. However by the end of the fiscal year, instead of having a large increase DMH was able to decrease its total annual expense by ***$144,406.00***. That means that Delta Memorial Hospital stopped the "bleeding," and curbed the expenses to see a reduction.
Delta Memorial Hospital may be the only hospital in the State that was able to do this for 2023. All total that would be a $944,000 swing in reduction of expenses in the last 9 months.
Actual Expenses 2022=**$19,870,128**
Actual Expenses 2023=**$19,725,722**

Some of these God created opportunities include ending a long term relationship with our general and professional liability insurance agent 4 months before renewal. To many, this would have been seen as a sacred cow. To Delta Memorial Hospital, it meant a savings of **$280,000** annually and $93,000 from January 2023-April 2023.

At different points of the year, DMH was able to decrease its administrative costs through job consolidation, non-replacement, and elimination of positions. Affected positions included CFO, COO, Administrative Assistant, and Clinic Administrator. The reworking of all these positions created an annual savings of **$200,000**.

Delta Memorial Hospital was also able to decrease patient care costs by **$320,000** annually through contract re-negotiations, better overtime management monitoring, and bringing employees on into fulltime

positions. DMH leadership ensured that time management included all departments whether it was medical records, business office, dietary, etc. because shortened volumes meant that DMH needed to decrease its labor expenses. Fortunately, those times were very few and far between during the last 3 quarters of 2023's fiscal year.

All of these savings and more were processes that did not take full effect until the end of December 2023 or later. Some of the savings from other projects were canceled out by investments into cost reimbursed areas of the hospital. But there were many savings that may have only ranged from $1,400 annually to $120,000 annually that was based on cancelation of unnecessary services. *December is also the time when CAHs were first eligible to apply for these ARPA funds so a fair, individualized baseline for Delta Memorial Hospital would September or December 2022.* Just as Alvarez & Marsal had mentioned in the legislative committee reports, their interviews found that each facility was in various stages of their own sustainability plan. Delta Memorial had already been working inside of its sustainability plan months before A&M ever set foot at Delta Memorial Hospital. Delta Memorial Hospital was actually their first location to have a site visit because DMH reached out and requested the site visit early.

Introduction of New Service Lines

Delta Memorial Hospital ended the first quarter on September 30, 2022 with a net patient revenue decrease of ($331,663) from the previous fiscal year's first quarter. In the previous fiscal year's first quarter the total unsustainable loss was ($1,255,388) as mentioned earlier. Applying the loss of the first quarter to the remaining 3 quarters, DMH was projecting a decreased net revenue of $13,265,201.00 compared to the prior year which was $14,591,853.00. But due to several measures put into place, Delta Memorial was once again able to make up ground and beat the curb to finish the last 3 quarters of the year with an increase in net revenue of 19%.

Projected Net Revenue= **$13,265,201.00**
Previous Years (2022) Revenue=**$14,591,853.00**
Actual Years (2023) Revenue=**$17,340,062.00**

Some new service line offerings did not come to fruition due to various factors. However other new service line offerings did come through to fruition and were very successful such as BreakThru. BreakThru provides medical stabilization management for people who suffer from opioid, alcohol, and benzodiazepine dependency. This program launch March 27, 2023 and since that time we have seen the cost of the revenue of the program double that of the expense of the program which included the start-up costs.

Another strength is the launching of the therapy service of an LCSW in the Rural Health Clinic and in the inpatient swing bed program. Even though Arkansas's Medicaid department has not figured out a way to pay DMH for the service because "its computer system is broke," this service still has a net gain, and possibly one day Arkansas's Medicaid computer will work.

DMH worked hard to make sure we marketed and was the "easy button" for providers who can generate revenue. The marketing and removal of barriers through strategic processes allowed DMH to increase its total acute patient days from 2,488 patient days to 3,152 patient days. This is a 27% increase in patient days from the prior year. This is the most patient days Delta Memorial Hospital has had since the 2011-2012 fiscal year. This number includes Swing-bed which is also a huge strength of Delta Memorial Hospital. At the end of the first

quarter, Delta Memorial Hospital was projecting a 2023 acute patient day total of 2,556 but instead God allowed us to hit 3,152.

Acute Patient Days FY 2020= **2,389**
Acute Patient Days FY 2021= **2,549**
Acute Patient Days FY 2022= **2,488**
Acute Patient Days FY 2023= **3,152**

Delta Memorial Hospital's Physician Practice Habits

At Delta Memorial Hospital, our providers are unique in the way that they practice as it reminds those in the industry of how providers used to practice medicine. A typical day for our Doctors is that they can start their day in OR doing scopes and surgical procedures, round on their own patients in on the floor, go see 20-90 patients/ provider in the clinic, and work the ER rotation at night. These providers are also capable of delivering babies and doing some OB/GYN work. These providers see a full range of patients, and do the job of multiple physicians in a days' time. Finding doctors today who are capable of filling the shoes of these providers as they begin to get to retirement age is very difficult. Though this practice is most definitely a strength for DMH, it is also a liability as it may take multiple doctors to replace one of our current providers.

Challenges

Federally Funded Qualified Health Centers
(FQHCs)

The waste of the tax dollar is being increased because of artificial cost reimbursed competition of FQHCs that increase labor rates and go into areas where Critical Access Hospitals currently exist and appropriately treat these patients. The fixed overhead of treating these uninsured patients does not have to be duplicated by a separate clinic that is completely tax payer funded when the current hospital system in that area can treat for these patients. Those federal dollars could go to the hospital to care for these patients, but instead they HRSA allows these FQHCs to have access points in Critical Access areas. Arkansas allows these FQHCs to own pharmacies, but they do not allow the hospitals to own pharmacies. The federal government allows FQHCs to own Critical Access Hospitals, but it does not allow Critical Access Hospitals to own an FQHC.

An example of the tax dollar waste, if the hospital raises its pay rates for labor, then the local FQHC increases its pay rates even more so that the hospital rates are never competitive enough. These FQHCs even joke about how easy it is to get funding from the government to cover any expenses that they have. One joke from a CEO in a large FQHC up north was that they don't even have to walk to the mailbox to get a check when they need money. They just ask for close to a million dollars for a new computer system and the government just deposits the check inside their bank account.

Legislators need to address the damage that the FQHCs are doing to rural hospital systems through the waste of tax dollars on duplication of services offered.

Dishonest Medicare Advantage Plans

Other threats to the financial viability of hospitals in the state is the dishonest work being done by Medicare Advantage Plan parties such as United Healthcare and Humana. These parties falsely advertise to seniors stating that it is an add-on to their Medicare, not knowing they are giving up their Medicare. These plans take away from a Critical Hospitals Cost base calculation which means the more plans that a hospital has, the more decreases that will be seen in the rate letters from CMS. The more decreases in rate letters equates to the more financial stressors put on rural Critical Access Hospitals. Furthermore these plans hold payment, deny payment for no reason, and make it extremely difficult to get paid.

Examples of the theft of dollars from healthcare can easily be seen by reviewable statistics of third party payers. *United Healthcare has not grown its commercial business in over 10 years, however it has record profits year after year through switching people over to Advantage Plans. This subtracts tens of billions of dollars that used to go to the people that provided healthcare (medical centers), but now gets into the pockets of BIG INSURANCE instead.*

If the Legislative bodies were serious about improving financial stability for all healthcare facilities in the State of Arkansas, then work would be done to manage FQHCs from duplicating services that can be provided by CAHs, and by addressing the unfair dishonest practices of BIG INSURANCE. *It seems the people actually doing the work to care for people are the ones going broke, and the ones buying medication patents and selling insurance are the ones being ultra-sustainable. The pendulum has swung too hard in the direction of BIG INSURANCE.*

Furthermore, BCBS of Arkansas effective October 1, 2023 is decreasing our ER payments for all their covered lives.

Recruitment of Specialties and Schools

Insurances and State Regulatory bodies mandating specific licensures and specialty licensure training causes increases the cost of care, decreases in access to labor, and makes getting into one of the few programs in the state to get licensed very difficult. As an example, vascular ultrasound schools are primarily found in Little Rock. The States Board of Education has place a two year application process for a Southeast Arkansas School before they can start their program. The days of on the job training are gone in the name of licensure, but because of this, so is gone the labor that could do it. So is gone the financial sustainability of healthcare facilities.

One of the largest driving factors in Delta Memorial Hospital's unsustainability was the cost of nursing care and physician recruitment. Delta Memorial Hospital was able to curb its nursing costs by first offering an in-house short term contract, then reducing the contract amount and incentive these in-house contracts to take a full time regular nursing position. Coupled with this and appropriate timing DMH, was able give house-wide pay increases which had not been done since March of 2019, (3 years). Delta Memorial was also able to increase its fulltime nursing pay to get more competitive with other facilities and gave nursing a 10% increase in pay. This helped bring in more nurses and decreased the contracts that were needed as noted above in reduction of expenses of this third report/application.

Recruiting physicians to rural areas has always been a difficult task. This is especially concerning as many medical staffs in rural areas are at or above the age of retirement. Delta Memorial Hospital is faced with

these same challenges as of June 30, 2023 DMH had 1/3 of its physician staff retire. But prior to this, DMH was in to process of actively recruiting some physicians and working with UAM to continue to bring in more specialties to Desha County's rural area. Currently DMH is in negotiations with one Family Medicine Provider who will be out of residency in June of 2025. We believe we will have signed this person by the end of July. We are also currently in talks with another provider who will be available in June of 2025. One is in residency in Oregon, and one in Tennessee. Both providers went through the UAMs program.

Because we took these measures and completing this recruitment in-house, DMH is able to offer more incentives to compete for these individuals as we are not having to pay a firm. However, offering competitive stipends and sign-on packages are still a hefty investment that doesn't yield fruit for years. We are expanding our thoughts on stipends and sign-on programs as we look to other fields such as nursing and radiology. But again, DMH has to burden these investments into the support of education systems on limited funding that is getting squeezed from most every angle as more and more of the profitable areas of what we do become competitive and the non-profit areas of what we provide for our communities are being left just for us.

Overall, we have taken the necessary measures and completed tasks to see a positive bottom-line improvement as described in the strengths. Thankfully we are able to say that staffing and recruitment improvements have already been completed over the course of these last 10 months.

Cost Report Considerations

Cost report considerations when making cuts are important. If you cut expenses in a Medicare/Medicaid department, then the government takes back money you saved and pays you less in the future. Timing is everything because if timing is off, you will run out of money before CMS can make it right if the pendulum swings the other way. It is imperative that Arkansas Officials understand how CAHs work. If a CAH has more Medicare Advantage Plans and Medicaid Expansion Qualified Health Plans than normal Medicare & Medicaid, then our reimbursement decreases. Arkansas DHS is actively moving Medicaid into these plans until they hit 80%, which hurts CAHs. Many CAH's refuse to care for Medicare Advantage Plans and these other plans. The reason for this is that our reimbursements are based off of rate letters. *Therefore if CAH's had 100% Medicare Advantage Plans and Medicaid Expansion Qualified Health Plans, then reimbursement would be $0 for an inpatient stay.* However if 100% is traditional Medicare and Medicaid, then our reimbursement would be between 100-101% of costs.

Cash Position

Collecting cash from BIG INSURANCE is a difficult task that requires a large amount of overhead with multiple staff members doing duplicating repeating jobs to fight to ensure we receive payment. Multiple times after getting preapproved, caring for the patient with every 3 day re-certs, and great documentation, the BIG INSURANCE will still deny the claim. This holds up the funds causing issues with cash flow. Humana even will state that they should pay us, but tell us they will continue to deny the claim unless we accept observation status. This means we will get 15 days of observation pay instead of the correct per diem, but we sometimes just accept it because we need the cash to make payroll. There is no negotiating with BIG INSURANCE as they hold all the money, and legislatures have done little to create fair and transparent practices for these insurance companies.

While we are improving there still is opportunity to expand within our current means, as we have an old geriatric-psych unit that is currently being utilized for outpatient wound care, cardiology clinic, and swing bed gym. However, with the right amount of funding, we could open up an adult psych unit. The rest of the square footage of our building is appropriately utilized.

As of July 26th, our current accounts receivable is at 52 days compared to July 2022 when A/R days was at 89. Since that time we have seen as settle decrease in our days that continues to improve. We have also brought in clinic coding back "in-house" to have savings. However, if one of these individuals end up getting sick, it can throw us off our target of 46 days.

The Trilogy Revenue Cycle Solutions (TRCS) Team has provided onsite and remote support for Delta Memorial Hospital (DMH) Revenue Cycle Operations since November 15, 2021. The team continues to focus on optimizing revenue cycle processes for sustained performance to goals, continued enhancement of revenue and reimbursement, and mitigation of identified risks.

The Team's activities and priority focus objectives are outlined below with additional details provided in supporting attachments. Metrics provided below are for hospital and clinic operations.

- • Key components of ongoing revenue cycle operations oversight and support include:
- 1. Access Management
- 2. Coding
- 3. Unbilled / Discharged Not Final Billed (DNFB) Management
- 4. Accounts Receivable Management
- o Denials Management
- o Payment Posting transitioned from the Facility to Trilogy
- o Revenue Cycle Key Performance Indicators Trending and Monitoring
- o Payor Contracts

As Trilogy and DMH continue the transition into "operational optimization," the Team monitors Key Performance Indicators (KPI) improvements and tracks issues for process improvement initiatives.

Gross Revenue June

DMH Gross Revenue for the Month of June= $2,712, 751

June charges are down from the previous month of $2,917,746 by $204,995.

Cash

Cash Challenges/Risks:

1. DNFB ended at 10 AR Days, which is 5.0 Days above the goal of 5 AR Days.
2. June Cash Collections are $1,298,764 which is $84,215 below the goal based on KPIs for collection of 100% of the prior 3 month's net revenue average of $1,382,979.

Cash Accomplishments/Opportunities:

DMH-Dumas continues to lead in Point of Service Collections for Critical Access Hospitals for Trilogy clients. POS % Cash Collections ended at 53% for the month of June.

AR

AR Accomplishments/Opportunities

1. Billed AR days are at 23 still significantly below the Current Target < 46 Days and down 1 day from the previous month.
2. A/R Excluding Self-Pay > 90 days is 19% and under the goal of <20%.
3. Medicare A/R over 60 days is 9% with an increase of 1% from the prior month.

4. The percentage of A/R over 90 days for Managed Medicare is at 16% with a decrease of 5% from the prior month.
5. The percentage of A/R over 90 days for BCBS is 17% and below the goal of 20% with an increase of 1% from the previous month.
6. The percentage of A/R over 90 days for Commercial is 17% and still lower than the targeted goal of <20% with an increase of 5% from the previous month.
7. The percentage of A/R over 90 days for Gov. payers is at 12% with a decrease from the prior month of 2%.

AR/Challenges/Risks
1. Medicaid A/R over 90 days is 39% with an increase of 5% from the previous month.
2. Managed Medicaid A/R over 90 days is 23% with a decrease of 8% from the previous month still over the goal of 20%.
3. Initial denials are at 15% and over the goal of <10-12% with a decrease of 4% from the prior month.
4. Workers Comp over 90 days is 49% with a decrease of 14% from the previous month.
5. Gross Days in A/R at 53, with a decrease of 2 days from the prior month and still above the goal of 45 AR days. HIM is fully staffed and is working diligently to reduce the AR days.

Operations
Operations Accomplishments/Opportunities:
1. Ed Casteel (Trilogy Partner/Managed Care Program Manager) continues to work with Skye Wells on any contract issues that may arise. In the month of June Ed was able to meet with the AR BCBS Medicare Network Specialist, G. Judi Bradford, who shared with him the 2023 AR Blue Medicare Presentation and the surrounding counties that are already enrolled. These plans will be introduced to Desha County in 2024. He was also sent the list of the AR Blue Medicare Plans to include their prefixes and summary of benefits.
2. The Outpatient Coder returned to work in June.
3. Christy Gomez with Trilogy shared the Payer Updates with the RCM Group: Naming convention for pricing transparency, JW/JZ modifier updates starting July 1,2023, Condition Code 45 usage effective July 1st, Gender Specific Services: Billing correctly and usage of the condition code/modifier, Telehealth HIPAA requirements, Cigna Modifier 25, UHC Commercial authorization requirements, advanced notification process and gastroenterology services (screening colonoscopy procedures are not subject to the advance notification process) and lastly, Novitas Smart Edits coming soon. Information was sent to the group for their review.
4. The facility will work on the PLE Updates after the charge-master updates with Vonda Walters.
5. Since the updated insurance plan codes seem to be working well for the Medicare Advantage plans Christy reminded the group that the Managed Medicaid Plans should be updated also.
6. The Initial Denials rate for the month of June decreased from 19% down to 15%. Amber Miller and her staff are making positive strides toward decreasing this number.
7. AR Medicaid still doesn't have their system updated to allow us to enroll Melissa Cochran LCSW. Christy Gomez continues to check every couple of weeks with Aaron Buccher, AR Medicaid Provider Rep.

Operations Challenges/Risks
1. Challenges/Risks are noted on the attached SHARP Tracking List; Items will be reviewed with CMMC team members for prioritization. Once items are verified as legitimate challenges/risks, they will appear on this report going forward as updates occur.

Multiple Remaining Challenges

There are constant other challenges that are presented in regards to equipment, hardware, and maintenance units being past end of life that are currently keeping us held together. We have new and constant undue burdens placed on us by regulators such as CMS. An example is price transparency. Hospitals would love open and easy price transparency, but unfortunate for hospitals and patients, the regulators and big insurances create monstrous code and billing rules that even hospitals don't understand. So hospitals end up having to outsource coding and billing to outside companies. *Then CMS and patients tell hospitals our billing is too complicated. But in fact, we are just trying to recoup out of a complicated system that CMS and BIG INSURANCE has made*. A&M was given a detailed report upon their site visit of these items as well as many were listed in the first two applications that have been submitted to Andy Babbitt at DFA.

As we told A&M back in February, our position is greatly improving and we are headed in the right direction, but we remain in a very fragile state.

Delta Memorial Hospital's 2 Chosen Operating Targets

Please consider the sustainability plans located in application #1 and #2.

1.) Days in Account Receivable, Net / Revenue Cycle Improvement from September 2022 & February 2023 Baseline

Delta Memorial Hospital changed billing companies to Trilogy at a cost of 3.5% per net collections.

- Continue to utilize Trilogy for billing services and revenue cycle.
- Create metrics for coders and provide weekly reports to encourage higher productivity.
- Denial management for preauthorization's.
- Changed Charity Policy to decrease Extension of Benefits for Medicaid.

Table

Benchmark	Baseline Sept. 2022	Baseline Feb. 2022	Initiative	Start Date	Time to Implement	Revenue Impact	Expense Impact	Current Metric	Status
Accounts Receivable	N/A	N/A	Trilogy	7/1/2021	4 months	N/A	($700,000)	N/A	On-going
Accounts Receivable	N/A	N/A	Coding Productivity Metrics	8/01/2023	N/A	N/A	N/A	N/A	On-going
Accounts Receivable	N/A	N/A	Denial's Management	7/1/2021	N/A	N/A	N/A	N/A	On-going
Accounts Receivable	N/A	N/A	Charity Policy	6/1/2023	10/01/2023	N/A	N/A	N/A	In Progress

Trilogy PowerPoint Slides Available Upon Request
See Metric Worksheet

Delta is committed to meet the following targets:
Option 2: Days in Accounts Receivable, Net/Revenue Cycle Improvement

- *6-month target – Days in A/R, net within 20% of the benchmark of 43.7*
- *12-month target – Days in A/R, net within 5% of the benchmark of 43.7*

2.) Operating Margin= Operating Income / Total Operating Revenue from September 2022 & February 2023 Baseline

- Charge Master Review performed in June 2023 with changes completed in September 2023. Should changes have been in effect in the previous fiscal year it would have brought Delta Memorial Hospital $2.6million in additional charges. Taking that number and applying it to our payment rate of 24%, we can see it would have brought Delta Memorial an additional $624,000 in net revenue. There were other charges that were not built and were not included in the above number. One example is the blood charge which would have meant an additional $77,000 to the hospital based on that one charge. All total of missing charges would equate to additional $150,000.

- Reduction in administrative positions and salaries starting back in October 2023 and continued forward.

- Decrease patient volumes with discussion on limiting services for patients who have Medicare Advantage Plans.

- Continue the reduction in cost of General and Professional Liability and same exact coverage for savings of $280,000 total and $249,996 annually.

- Continue the ESP and 340b changes made that demonstrated a net increase of **29%** or $115,568.28

- Continue improvement of Patient Care Medical Home program that yielded a net increase of **39%** or $158,329.59

- Continued use of AHA IT Consortium which added an additional $30,576 gross to what was previously left on the table.

- Change from fully insured BCBS plan to a self-insured captive model with Cigna for anticipated savings of $200,000 annually.

- Launch New Service Line Break Thru which focuses on patients suffering from Opioid, Benzodiazepine, Alcohol, or Polysubstance abuse. Additionally this program helps with placement and follow-up care as the patient continues to remain free of chemical dependency and the program tracks their progress. Launched in March of 2023 with anticipated net of $200,000 annually.

- The hospital offered sign-on bonuses to become fulltime employees to nurses at the same time that it cut in-house contract rates by $300,000. The hospital improved what it was paying for multiple contracts such as in the case of our General & Professional Liability Insurance. The hospital decreased its cost of care by better managing its overtime after raises were given. Nursing received 10% in raises. Radiology received 5% in raises. Everyone else received 3% in raises. The hospital reduced executive staff for savings of $200,000. This year we have reduced the cost of an overpaid physician based on his productivity. However, we will need to work to replenish his cost in other ways as to not have our reimbursements decrease, but also the new cost needs to add additional revenue.

- Add EHR T-System for ER for projected increase of $115,000 per their initial assessment for improved ER documentation and improved charge capture.

  Please note that on our sustainability plan inside our first application from December 2, 2022 we projected a net improvement from the previous year of $2,000,000. Delta Memorial Hospital finished with an improvement of $1,928,000 at FY End June 30, 2023.

Table

Benchmark	Baseline Sept. 2022	Baseline Feb. 2022	Initiative	Start Date	Time to Implement	Revenue Impact	Expense Impact	Annual Total Improvement	Status
Operational	($338,629) Over Prior Year	+$1,354,058 Over Prior Year	Charge Master Review	9/30/2023	N/A	$774,000	+$18,000 One time	$756,000	Ongoing
Operational	N/A	($180,000) Annually	Administrative Positions	10/17/2023	Done	N/A	($280,000) annually	$280,000	Completed
Operational	$42,500/ Monthly	$21,667.00/ Monthly	PL & GL Insurance	1/1/2023	Done	N/A	($20,833) monthly	$249,996	Completed
Operational	$67,000	$111,666.67	ESP & 340B	10/17/2023	N/A	$115,568 annually	$3,000 annually	$112,568	On-going
Operational	$62,88.21	$103,813.33	Patient Care Medical Home	10/17/2023	N/A	$158,329 annually	$0	$158,329	On-going
Operational	$0	$7,750 YTD	AHA IT Consortium	01/01/2023	1 month	$30,576 annually	+$8,576 annually	$22,000	On-going
Operational	$46,000 Monthly	$46,000 Monthly	BCBS Self Insured Model	01/01/2024	6 Months	$0	($200,000) annually	$200,000	In Process
Operational	$0	$0	Break Thru	03/24/2023	Done	$380,000	$180,000	$200,000	On-Going
Operational	N/A	N/A	Contract Nursing Rates	12/01/2022	Done	$50,000	$300,000	$250,000	Completed

Operational	N/A	N/A	T-System	December 2023	5 months	199,000	+ $84,000	$115,000	In Process

Total Expected /Ongoing Improvement: $2,343,893.00

Delta's February 2023 baseline, per A&M report, was -21.7%. Delta is committed to improving 20-40% of this baseline at 6 months by reaching an operating margin between -17.4% and -13%. At 12 months, Delta's goal is to improve 70-90% from February baseline at a target range of -6.5% and -2.2%.

Delta is committed to meet the following targets:

Operating Margin

- *6-month target – 20-40% improvement from February baseline (of -21.7%)*
- *12-month target – 70-90% improvement from February baseline (of -21.7%*

Cybersecurity Defense Checklist

All items presented have been reviewed and discussed with the IT Director. Delta Memorial Hospital is open to Cybersecurity audits coordinated by the State of Arkansas.

The Center for Internet Security Basic Controls:

1. Inventory and Control of Hardware Assets
Checked

2. Inventory and Control of Software Assets
Checked

3. Continuous Vulnerability Management
Checked

4. Controlled Use of Administrative Privileges
Checked

5. Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations, and Servers
Checked

6. Maintenance, Monitoring and Analysis of Audit logs
Checked

Cyber Defense Minimum Standards:

1. Enable multi-factor/2-factor authentication
Checked

2. Install endpoint protection
Checked

3. Develop a vulnerability scanning/management process
Checked

4. Implement strong passwords
Checked

5. Patch management, ensure software and hardware system patches are in place
Checked

6. Protected back-ups
Checked

7. Develop NIST 800-53 Moderated Security Controls
Checked

8. Enable encryption on all critical systems
Checked

AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION AND PERSONNEL AUTHORIZATION REQUEST SECTION 36 OF ACT 796 OF 2023

C.10

Agency: Arkansas Department of Human Services Business Area Code: 0710

Program Title: Emergency Aid Relief to Hospitals

Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
This request is for the Piggott Community Hospital in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding:
Funds Center: AZ5 Internal Order/WBS Element: State: X
Continuation:

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	3,441,839
Other:	
Other:	
Total	$ 3,441,839

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning **Date**

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.11.01 10:50:56 -05'00'

Cabinet Secretary/Agency Director Date

Robert Brech 11/02/23

Office of Budget Date

Joshua Kenyon 11/1/23

Office of Personnel Mgmt Date

Arkansas Rural Hospital Sustainability Program

Hospital Plan Summaries

November Arkansas Legislative Council (ALC)

Arkansas Department of Finance & Administration

Prepared by Alvarez & Marsal Public Sector Services, LLC

2023

Piggott Community Hospital Sustainability Plan Summary

February Baseline Metrics

- 18.7 Days Cash on Hand [9] (DCOH)
- 67 Days in Accounts Receivable, Net[10] (Net AR)
- 60% in Labor/Net Patient Service Revenue (NPSR)
- -4% Operating Margin
- 3.54 for FTEs per Adjusted Occupied Bed (AOB)
- 8.2 in Average Daily Census (ADC)

Challenges

Piggott Community Hospital (PCH) is a 25 licensed-bed Critical Access Hospital (CAH) within Clay County. Piggott is facing an extremely limited cash position, reporting only 13[11] days of cash on hand as of August 31st, 2023. While the FY22 Cost Report Settlement with Arkansas Medicaid is expected to improve the cash position, the overall cash/restricted position coupled with high Days in Accounts Receivable, Net creates significant financial challenge for the hospital as it works towards long-term sustainability.

Sustainability Approach and Initiatives - Track 2

Piggott selected *Track 2: Strategic Hospital Improvement* and chose to focus on improving Days Cash on Hand and Net Days Accounts Receivable.

Days Cash on Hand improvements focus on growing revenue and reducing costs ($1.1M improvement in net income over 12 months). Identified initiatives focus on service growth via external partnerships, staff recruitment, 340B program expansion, and surplus inventory utilization. Piggott will also continue expanding its skilled nursing care with goals to increase patient volume (from 3.5 to 5 patients/daily) and increase average length of stay (ALOS). Through partnerships with St. Bernards Medical Center and a telehealth partner, Piggott will provide cardiology, pulmonology, and tele-neurology services to the community. Separately, Piggott also plans to add a clinic therapist and expand its Behavioral Health Intensive Outpatient Program (IOP) facilities. For its existing chronic care management (CCM) service, Piggott aims to generate net income by taking population health management in-house and growing the number of enrolled individuals. Select initiatives are in the early stages of development and are focused on realizing anticipated savings and revenue at the twelve-month benchmark (versus the short-term, six-month target).

Net Days in Accounts Receivable initiatives kicked off in July 2022. Piggott outsourced the management of its Business Office, implemented a new Electronic Health Records system, and hired a revenue cycle manager. Within the revenue cycle process, the hospital has focused on collections efforts for patients without third party coverage and monthly measures of pre-billing, claims, and denial activities and the hospital's revenue cycle process has already experienced improvements.

Noted Progress/Updates

PCH management noted progress within the most recent month-end period in its Swingbed program, stating an increase in average length of stay (ALOS) to 11 days (with the goal being 9 to 10 days in 2023). This, along with other initiatives, have resulted in an increases in Total Patient Services Revenue of 10% year over year from Aug '22 YTD to Aug '23 YTD. Even with additional AR activity, Net Days in AR decreased 12% over the same period (from 66 to 58 days).

A new 1,450 sq. ft. foot IOP building is under construction with an anticipated open date of February 1st, 2024 - anticipated revenue will be reflected within Spring '24 financials. The Family Practice Clinic (also known as the Rural Health Clinic) is being constructed, and the expansion of the Home Health Care service line is anticipated to begin in 2024. Management is supporting these efforts with a 300k line of credit and several expense management efforts, such as overtime reduction, supplier contracts review, and 340B program expansion.

Cybersecurity Checklist

Piggott's Director of Information Services reviewed the six-internet security basic controls and eight Cyber Defense Minimum Standards. Piggott will work with Legislative Audit to complete an on-site cyber review.

[9] Days Cash on Hand as of February 2023, was calculated by dividing ~$1.4M in cash by ~$76.6K in daily expenditures.
[10] Net Days in AR was adjusted from February baseline of 74 days due to the removal of ~$480k of 340B funds previously included with patient-related accounts receivable by management.
[11] Days Cash on Hand as of August 31st, 2023 was calculated by the removal of $120K in Restricted Cash from $1.13M in Cash, divided by $78k in Daily Expenditures for approximately ~12.92 days.

Piggott Health System, formerly Piggott Community Hospital (PCH)
piggotthealthsystem.com

Purpose: Management of PCH has worked very hard to improve the financial stability of this organization. Additional funding through the Arkansas Rural Hospital Sustainability Program (ARPA) will certainly greatly augment management's efforts. We understand the need for the State to know that these funds will not be wasted on an organization that is not sustainable even after receiving these funds. We understand this and will show that we are working to improve our operations as much as possible and that PCH will be able to preserve access to healthcare in the communities we serve.

Overview of Strengths, Challenges and Opportunities:

(PCH) – Strengths:

1. **Leadership:** Senior Management has over 26 years' experience at PCH, as well as, 30 years in business before PCH. This is evident by the focus on improving the financial stability and the depth of services at PCH. The system incorporates a Hospital, 2 Rural Health Clinics, 2 Home Health Agencies representing 4 locations, DME, the service area's only Ambulance Service, as well as multiple specialty clinics and outpatient services. In the last few years new services have been added such as an Intensive Outpatient Program (IOP), a behavioral health treatment program for the elderly, Pain Management, Sleep Lab, and Infusion Therapy. A Cardiology Clinic has been added in collaboration with St. Bernards (St. B). Pulmonology is another service offered through this collaboration. Gastroenterology is another service provided by contract with a physician in Paragould.

2. **Revenue Cycle:** The revenue cycle continues to be a focus. Management of the Business Office was outsourced due to difficulty recruiting key staff. The Evident/CPSI system was implemented in July 2022. This is a comprehensive Hospital Information System with a large client base and a niche in rural hospitals. A full-time, in-house Revenue Cycle Manager Position was established and hired. As a result, Nets Day in AR which were at 80.2 at the end of FY 21 and 65.7 at the end of FY22, and is 67.28 as of 2/28/2023. Net Patient Revenue has increased from $22.3 million in FY21 to $23.6 million in FY 23 and is expected to exceed $25 million for FY23 based on six months of operations in 2023.

3. **Labor:** Productivity has been a focus and currently FTE's per Adjusted Occupied Bed are 4.9 down from 5 in FY 21. During the pandemic, as labor shortages were a concern, PCH focused on retaining its current employees with enhanced pay and benefits. PCH did not engage with outside contract nurses or other ancillary staff. This was extremely difficult and is a tribute to the dedication of the PCH Employees and management's leadership. Obviously, this is very positive; however, the added expense of Contract Labor was never present; therefore, it is not an expense which can be eliminated now.

4. **GPO:** PCH is a member of the Captis/Vizient GPO through an affiliation with St. B and as such, enjoys the same pricing as St.B on Medical Supplies and Drugs. Although shortages did occur, PCH was able to get supplies and drugs, during the pandemic, when other hospitals could not. As a result of this affiliation, no access fee is required for membership. This is an approximate savings of $60k annually. As a result of management's focus, operating income is improving.

Currently through six months of FY 23 Operating Income is a negative $1.6 million compared to a loss of $3.1 million in FY22 for the same time period, representing a positive variance of $1.5 million.

5. **Ownership:** PCH is owned by the City of Piggott and has strong support from Piggott and the surrounding area. The closing of Twin Rivers Medical Center in Kennett, Missouri has resulted in a significant increase in service area and population. PCH volumes have increased in almost every category with many patients coming from Kennett and the surrounding area. At 1,000 discharges annually and over 17,000 adjusted patient days PCH has higher volumes than many Critical Access Hospitals. PCH has little debt and a Current Ratio of 3.3, which is good for a Critical Access Hospital.

Challenges:

1. **Medical Staff recruitment and retention**. Most hospitals have worked hard to attract new physicians. PCH has two physicians in the pipeline who are schedule to arrive in 2025 and 2027. PCH has contracted with a 2nd Year Internal Medicine Resident who completed medical school at the New York Institute of Technology and is currently in the Residency Program at Poplar Bluff Regional Medical Center in Poplar Bluff, Missouri. The contract is for tuition assistance which will be forgiven over 5 years once he starts practicing at PCH in 2025.

   Additionally, PCH is providing financial support to a 3rd year medical student at the Arkansas College of Osteopathic Medicine in Fort Smith, Arkansas. She is in the pipeline to be on-site as a fully licensed and practicing physician in 4 ½ years.

   PCH has recently recruited and set up for practice at the Family Care Clinic in Rector, a Provider Based Rural Health Clinic (PBRHC) owned and operated by PCH, Dr. David Blackburn who grew up in Piggott and recently graduated from the University of Arkansas for Medical Sciences in Little Rock, Arkansas that has returned to serve Clay County residents

2. **Staff retention**. Piggott Community Hospital continues to experience staffing challenges. Staffing agencies have not had to be utilized to date; however, the salary cost has increased dramatically in order to maintain adequate staffing, especially in the Nursing field. The following has been implemented in the Nursing field:

   a. RN/LPN staff that accept 12-hour shifts on the acute care floor or emergency department receive $30.00 additional in incentive pay per shift (equivalent to $2.50/HR). This was implemented in July 2023 and will have an impact of increasing salary cost by approximately $132,600.00 annually. RN management team members receive a bonus of $100.00 for each scheduled shift they pick up. There is also a bonus program for all RN/LPN staffing; $200.00 bonus for any shift they fill due to a call-in. The bonuses vary by payroll. The estimated increase to payroll in bonuses is $15,000.00-$18,000.00 annually.

   Overall, the hospital is experiencing higher rates of pay required for recruitment and retention in all aspects of hospital operation.

   We continue to research areas, outside of salary, that may assist with recruitment and retention efforts. A sales order was approved and signed in October 2023 with the payroll vendor for:

Voice of the Employee and Benefits Decision Support for employees (cost of $7,115.40 annually). Voice of the Employee is known for providing actionable insight through employee engagement surveys. Benefits Decision Support will assist the employees in knowing the benefits available to them, the cost, etc. They will be able to find the coverages they have through their payroll app. The goal is to improve employee satisfaction as we update technology available.

3. **Cash:** Even with all the improvements in operations and in the revenue cycle, PCH has 13 days of cash on hand as of 6/30/2023. The FY 22 Cost Report Settlement with Arkansas Medicaid will add approximately $400k when received. We have a low debt level with total assets twice the level of total debt including other long term and current liabilities. Total Assets at 12/31/2022 were $10.2 million and total debt was $5.2 million. Also, the current ratio at 3.3 as of 6/30/2023 is strong, but we are short of cash and thus our focus on improving operations and the revenue cycle. These funds and other opportunities would help us gain a stronger cash position. Management is committed to maintaining the focus on the revenue cycle, as well as, productivity and operational improvement.

Opportunities:

With the closure in 2018 of Twin Rivers Medical Center in Kennett Missouri, the service area of PCH has more than doubled. PCH is an essential provider in Northeast Arkansas and the Bootheel of Missouri. PCH is owned by the City of Piggott, Arkansas. A merger with another facility would be difficult or near impossible due to this ownership. During the pandemic, PCH cared for many inpatients who normally would have received their care, after transfer, at Larger Acute Care Hospitals. Out of necessity these patients were cared for at PCH. Moving to a Rural Emergency Hospital (REH) might be expedient; however, what happens in the next Pandemic? PCH must have inpatient services to care for the community it represents. REH designation or merger at this point in time are not realistic options. We, PCH, are committed to providing basic essential services to the communities we serve.

With the devastating effects of COVID relative to volume, revenue, and expenses, PCH developed a Post-COVID Recovery Plan that laser focused on a combination of revenue growth and expense reduction measures

Benchmarks

Piggott is committed to improving select targets to meet sustainability targets with Track 2: Strategic Hospital Improvement.

Days in Accounts Receivable, Net

PCH is still working through post implementation of the CPSI Hospital Information System. To a large extent, PCH has utilized HFMAs Key Performance Indicators (KPIs) serve as the foundation for metric performance. Targeted areas of the Revenue Cycle have been established and measured monthly in certain key areas. For Pre-billing activities, the percentage of accounts where insurance has been verified, percentage of accounts where prior authorization has been obtained for inpatient and outpatient services, and percentage of collections at the point of service are measured monthly. For claims activities, days of revenue discharged but not final billed, days final billed but not submitted to the payer, days tied up in medical records, and days until secondary claims are filed are measured

monthly. Also, the clean claim rate for overall and primary claims is tracked. Denials are a huge focus with denial percentage of total revenue being measured and tracked monthly. Collections efforts for patients without any third-party coverage is a big focus post implementation and an "early out" program for self-pay has been implemented. These metrics are being measured and tracked and performance expectations are being set for key staff. Net Days in AR at 2/28/23 were at 67.3.

- 6-month target – Days in A/R = 56.6 or 30% above the benchmark of 43.7
- 12-month target - Day in A/R 45.9 or 5% above the benchmark of 43.7

Days Cash on Hand

Much of the activities to improve the cash position are included in the Revenue Cycle work and in the Revenue Growth but there are some specific cash management activities in process. A $300k line of credit is in use with a local bank as well as consolidation of bank accounts and cash management is ongoing. Days Cash on hand as of 2/28/2023 was 18.7.

- 6-month target - 25 days or an improvement of 34% from the February baseline of 18.7
- 12-month target - 31 days or an improvement of 66% from the February baseline of 18.7
- Our 12-month target balance of cash will be $2.4 million.

Revenue Growth

1. **Skilled Nursing**: PCH provides much needed skilled nursing care with its in-house Swing Bed program. This is a program that provides rehabilitation care following a patient's acute care hospitalization. This allows many patients to receive rehabilitation care within the hospital as opposed to needing to be relocated to a nursing home or another care facility. In an attempt to meet community need, PCH has successfully recruited additional rehabilitation therapy staff and an Advance Practice Nurse who will provide general oversight of patient care related matters. With the increase in staff capacity, coupled with a renewed interest in growing this program, the number of patients cared for daily in the Swing Bed program is anticipated to increase from an average of 3.5 to 5.0 patients per day. Secondly, the average length of stay in Swing Bed will increase from 9 to 10 days in 2023. If achieved, the possible increase in revenue will be $1,333,000. Expenses are estimated to be $1,133,150. We have traction with achieving our targets. As an example, during the most recent month-end period, Swing Bed Average Length of Stay was 11.0 days.

2. **Cardiology Clinic Addition**: PCH and St. Bernard's reached an agreement to provide outpatient cardiology services at the hospital's specialty clinic. PCH provides the facility and support staff while St.B provides the cardiology specialist. This program was recently launched with volumes exceeding projections. This will generate revenue primarily through being able to care for additional cardiology patients locally as opposed to patients being required to go to hospitals elsewhere for cardiology specialty care. We are anticipating an incremental $500,000 in annual revenue from this program with expenses estimated to be $400,000. Through September, we are averaging approximately $35k-$40k per month in revenue, so we are getting close to an annual amount of $500k.

3. **Telehealth Expansion**: Largely due to the pandemic, PCH needed additional physician specialty resources to adequately care for medically compromised patients who had been admitted to the hospital. Due to the lack of such services locally, PCH entered into an agreement with Dallas-

based Access TeleCare to provide pulmonology and cardiology services via telehealth. Because of the enhanced physician oversight and patient interaction, patients were able to be cared for at PCH that otherwise would have required transfer to other hospitals. Increased revenue will be experienced through being able to keep patients at PCH versus transferring to a hospital elsewhere. Continuing to operate this program, we are projecting that we will be able to retain 5 inpatients per month who otherwise would need to be transferred to a larger facility. With an average charge of $9,229 per patient, this results in $46,145 per month or $553,740 annually. Combined expenses for both programs are $280,515.

4. **Neurology Outpatient Clinic**: There is a gap in Northeast Arkansas relative to the need for neurology evaluations/follow-up care. PCH has executed an agreement with Access TelePartners to provide an on-site outpatient teleneurology clinic biweekly via telehealth. This will enable patients to remain in Piggott and use PCH services as opposed to traveling substantial distances for care elsewhere. We were initially targeted to launch this program in November 2023 with monthly revenue of $4,000 ($48,000 annualized). For the first year of operation, professional fees will be $37,180. Expenses, on a per year basis are $37,180. The program will most likely not open as hoped due to physician licensure delays (the teleneurologists have to obtain their Arkansas medical licenses). While this presents an unpredictable challenge, we anticipate a start date of early 2024.

5. **Home Health Care Agency Expansion**: PCH engaged FORVIS, a national audit and financial company, to complete a market analysis/feasibility study to determine if there is a need to expand the PCH Home Health service line to Kennett, Missouri. It is believed there is a need for additional home health services in this market, FORVIS did confirm this; therefore, providing a path forward, to include revenue gain. We anticipate an additional 30 patients in the PCH Home Health program when this program is expanded. With an average of $2,800 per 60-day episode this expansion is anticipate to generate $420,000 in annual revenue. We have projected expenses to be $380,000. Staffing continues to be a challenge, but the goal is to expand in 2024.

6. **Family Practice Clinic Expansion**: PCH is in the initial stages of building a new family practice clinic in Piggott. The hospital received approval from the City Council to proceed with the issuance of Request for Qualifications (RFQs) for the selection of design and project management firms. We are also on the front end of evaluating financing options including the refinancing of an existing USDA loan with the assistance of Eide Bailey, LLP. There remains much to do to enable us to “open the doors” we are not in a position to pinpoint any revenue or expenses associated with this new clinic.

7. **Behavioral Health**: For several years, PCH has operated a behavioral health program devoted to the unique mental and emotional challenges faced by seniors. This program, an Intensive Outpatient Program (IOP), serves an unmet need in Northeast Arkansas. An additional Clinical Therapist has already been hired, thus enabling the program to expand and service an increased number of individuals. This service expansion is projected to generate $500,000+ in revenue; however, this is contingent upon expanding the IOP facility. A proposal has been received and approved to expand the building. Construction on the 1,450 square foot building expansion has begun in that site work has been completed. Weather pending, the next phase is construction of the infrastructure and completing the infill. While much of this is dependent upon the weather

and supply availability, we are hoping to be prepared to start serving patients by February 1, 2024. Expenses are $300,000 per year.

8. **Population Health Management:** PCH provides Chronic Care Management (CCM) services to our Medicare patients. Due to COVID and other matters, we have not been successful in achieving acceptable levels of patient participation. We are in the midst of a program "reboot" that will enroll an incremental 300 patients in the CCM program resulting in increased program revenue of $275,000 with an anticipated $150,000 in annual expenses. This program has been outsourced to a national firm specializing in CCM, but volume has failed to grow. The decision has been made to bring the program internal, but will require finding staff, acquiring specialized CCM software, creating marketing materials, and staff education/training. This effort will require several months to mature to anticipated volume levels. The specific steps to transition this program to in-house include the following. Terminating the contract with NavCare, the outsourced CCM company, which will be effective January 12, 2024. The termination letter has been sent. We will also start vetting CCM-specific software solutions and expect demonstrations to be completed by the end of October or early November. We have begun a search for an employed Population Health Coordinator with hopes of having this person on-site as soon as possible, but this will present a challenge with staffing shortages basically across all spectrums.

Expense Management

1. **Salary & Benefit** Cost: Payroll and associated benefits represent the single largest expense for PCH. With the staffing struggles associated with COVID, salary costs skyrocketed, Staff retention/recruitment for nursing and ancillary staff achieved unforeseen levels of competition. The end result was dramatic escalations in salary and benefit cost for nursing and ancillary staff was intensified requiring the hospital to substantially elevate salaries. To date, we have exceeded last year in salary costs, but the rate has slowed to 6.5% increase down from the 10% range in 2022. As mentioned in our challenges, we are having a difficult time retaining staff, but continue to work hard to improve this. We have had to increase pay in most areas. We continue to recruit in an effort to reduce overtime, as well. We are experiencing significant growth in volume. Admissions, including observation, are up 146 over last year or more than 15%; volume is also a contributing factor to increased labor cost.

2. **Supply Expense:** During COVID PCH, consistent with hospitals nationwide, was stockpiling supplies in the event the pandemic continued to escalate. Now that COVID has leveled off it is anticipated the hospital will be able to use the large inventory already on hand, thus decreasing supply cost by $250,000. A reduction in supply cost has not been attainable; however, with the volume growth noted, we are pleased that the supply cost has not had an increase. The supply cost has remained steady. We have engaged a third party to review pricing to make sure we are taking full advantage of our GPO contracts. Also, we have recently signed a new agreement with our Medical and Surgical Supply Distributor (Medline) at a reduced rate.

3. **Drug Expense**: The 340B Program at PCH nets about $1 million annually. Earlier this year a new 3rd party administrator was contracted with (SunRX). The new vendor has expanded the program and as a result the net has increased by approximately $200,000.00 with a net annual being $1M. PCH recently launched an add-on to the the preexisting 340B contract pharmacy program in an effort to capture mixed-use and specialty referrals. This program began a few

months ago and is evolving. Once fully operational, it is anticipated to generate some $6,250 per month for an annualized amount of $75,000 with associated expenses of $48,000.

Cybersecurity:

Piggott's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. Piggott will work with Legislative Audit to complete an on-site cyber review.

Track 2: Sustainability Table

Initiative	Description	Start Date	Time to Implement	Revenue Impact	Expense Impact	Status
Skilled Nursing	See narrative	Jan-23	NA	$1,333,000	$1,133,050	In process
Cardiology Clinic	See narrative	Jan-23	NA	$500,000	$400,000	In process
Telehealth Expansion	See narrative	Jan-23	NA	$553,740	$280,515	In process
Neurology OP Clinic	See narrative	Nov-23	2 months	$48,000	$37,180	Implementing
Home Health Expansion	See narrative	TBD	TBD	$420,000	$380,000	Evaluating location/staffing
Family Practice Expansion	See narrative	TBD	TBD	$0	$0	Evaluating funding approach
Behavioral Health IOP	See narrative	TBD	TBD	$500,000	$300,000	Evaluating funding approach
Population Health	See narrative	Nov-23	2 months	$275,000	$150,000	Hire staff/secure software
Staffing & Benefits	See narrative	TBD	TBD	$0	$0	In process
Supply Expenses	See narrative	Jan-23	NA	$250,000	$125,000	In process
Drug Expense	See narrative	Mar-23	NA	$75,000	$48,000	In process
Net Bottom Line				$3,954,740	$2,853,745	$1,100,995